THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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LOWER OPERATING COSTS DEPENDENT ON LOWER WAGES

Problem of Reducing Transportation Costs Arouses Agitation

WORKERS' ATTITUDE

Must Maintain An Efficient Service—The Business World Still Engaged in Working Out Adjustment

The decision of the railroad workers to accept the cut in wages which has been in effect since the summer, coming at the same time that the agitation for further reductions in freight rates has again sprung up in Western Canada directs attention to the practical side of Canada's transportation problem while the statement of Hon. T. A. Crerar at Winnipeg, and expressions by other public men indicate that it is becoming more and more realized that the question looms large in Canada's national affairs.

The attitude of the railroad workers' organizations is to be commended. The demand of the Western farmers for further freight reductions can meet with nothing but a sympathetic reception. Manufacturers also are vitally concerned. And throughout the whole country the general public as consumers are indirectly affected. However, the situation must be faced in a reasonable way. With the national treasury being called upon for many millions to make up deficits on the government railroads it would be a short-sighted policy to make reductions in rates which would further handicap the system. At the same time the management of the government system should be asked to decrease operating costs wherever possible. Hon. F. B. Carvel is being criticized for his stand in maintaining that the C. P. R. should be allowed to continue to make dividends. Any other course would be short-sighted in the opinion of those acquainted with transportation conditions, and the importance of maintaining an efficient service for Canadian shippers, including both manufacturers and farmers as well as consumers. Under these circumstances it becomes necessary to consider whether further reductions can be made in the wages of railroad workers which were so greatly inflated during the war and are still far above pre-war levels. They should be at least adjusted after full inquiry to a basis warranted by the reduction in the cost of living and working conditions made so that the greatest efficiency will result for hours actually worked.

The situation insofar as the farmer is concerned is outlined by B. C. Forbes, in the Philadelphia Public Ledger as follows:

> Our largest class of buyers and consumers is, of course, our agricultural people. They comprise almost one third of America's population. Money lightly earned is often lightly spent. Money painstakingly earned usually is painstakingly spent.
>
> I am told many farmers are applying the price yardsticks to everything they think of purchasing, and that they refuse to buy anything whose price still shows a drastic increase over pre-war levels, whereas they are more favorably disposed to buy things that are on a price basis nearer the prices they themselves are receiving for what they produce.

The Business Cycle

The business cycle can be roughly divided into four outstanding divisions: a period of general prosperity, a rapid decline, a state of depression and a slow recovery until general prosperity is regained. Through three of these stages business has unquestionably passed in the past two or three years, from the height of prosperity in 1919 and 1920 to the depths of the acute depression of 1921. The question that is now being asked most frequently in business is in respect of the fourth division. Have we entered the period of slow revival? The answer is unequivocally—yes! Developments of the past few months lead to the conviction that business is working—very slowly to be sure—into better condition. It may be months, and it may be even a year or two before what may be regarded as a state of normal activity, and accompanying prosperity has been reached, but there is no longer any doubt, that business has been removed a stage or two from the depths of depression in which it had been submerged for the greater part of the past year.

Among the encouraging signs of the times may be cited the fact that there is and has been a strong bond

(Continued on page 16)

A CHANGE OF FEELING IN HAMILTON

Hamilton.—To show the changed feeling in this city a ballot was recently issued by the Chamber of Commerce to all members in regard to the radials in the Sutherland report. A resolution was unanimously passed asking Mr. Drury to be very cautious in dealing with the radials.

Revelations of Financial Post Stirred Ottawa

The article appearing in THE FINANCIAL POST two weeks ago regarding the wild gamble in German held C. P. R. shares being offered in Canada immediately attracted the attention of the Department of State at Ottawa and investigations were started on the basis of information which THE POST was able to supply. Mr. Mulvey, under-secretary, wrote in part: "I think that great publicity should be given to the fact that Canadian securities held in Germany are not negotiable. Your article in THE FINANCIAL POST is very timely and very pointed for this purpose."

This week Hon. A. B. Copp, Secretary of State, has issued a warning to investors not to purchase Canadian securities owned in Germany before the ratification of peace. The view is taken that the transactions are illegal and contrary to the provisions of the peace treaty.

A large volume of securities of the Canadian Pacific Railway Company and other corporations is now being offered for sale to Canadians and Americans. "Purchasers of these securities," says Mr. Copp, "acquire no property or title that could be recognized either by the Canadian Government or the Canadian Pacific Railway Company and it amounts to the purchasers throwing away their money."

SUCCESSFUL YEAR IN BREWERY BUSINESS

From Our Own Correspondent.

MONTREAL.—While it will be some weeks before the annual report of National Breweries is made public it is learned that the company will show the best year in its history in the way of earnings and a considerable increase over those of the previous year. The bank loans of the company have been more than cut in two and it is regarded now as certain that the extensive improvements of the past 20 months, which more than doubled the capacity of the plant, will be financed without any issue of securities.

ATHOLSTAN SELLS HERALD TO LIBERALS

A New Company is Being Formed Headed by Senator Casgrain

From Our Own Correspondent.

MONTREAL. — An important change in newspaper ownership and control has been consummated in this city, THE FINANCIAL POST learns: the "Herald" passes from Lord Atholstan of "The Star" into the hands of a syndicate that will run it in the interests of the Liberal party. Lord Atholstan has held the Herald for several years, since he bought it from D. Lorne McGibbon. That was the time the Herald was running seven-column heads on the front page asking who owned a large block of Tramways stock, a very nasty insinuation. At the time it is understood Mr. McGibbon got out of his venture without loss, or with comparatively little, although there is no idea that the paper was making money then, or that it has since. It is known that it has cost the "Star" proprietor hundreds of thousands of dollars to hold his costly second paper, and the presumption in newspaper circles has been that ownership was retained in order to prevent another strong newspaper being established in the Montreal evening field that might injure the revenue and circulation of the Star. Or it may have been impossible to dispose of the Herald until recently. Newspaper properties for some years past have not as a rule been particularly paying propositions unless they had a preponderance of the advertising patronage in their local field. Just what the price was in the present deal is not announced.

At the head of the group in charge is Senator Casgrain, a well known Liberal politician, but with him are associated, it is understood, a number of other leading Liberals. In some quarters there is a belief that a portion of the unexpended Liberal campaign funds may have been found convenient to utilize in connection with the acquisition of the Herald.

UPHEAVAL MAY COME IN DETROIT RAILWAY BOARD

New Group Claim 100,000 Out of 150,000 Shares

FRIENDLY TO CITY

Ready to Lease Lines—Claim Present Management Is Working to Retain Office

From Our Own Correspondent.

MONTREAL.—The fight for proxies for the annual meeting of Detroit United Railway, which will be held on Feb. 7 next would appear to foreshadow a very decided upheaval on the board of directors and the passage of control out of the hands of the present management. G. E. Gingras, of this city, who for months past has been working in the interests of a large number of local shareholders stated to THE FINANCIAL POST on Wednesday that he had already received proxies for over 80,000 shares and expected an additional 20,000 before the meeting. Even the 80,000 alone would give the new interests control as the total amount of stock outstanding is only 150,000 shares representing capital of $15,000,000.

The chief point of attack by Mr. Gingras and his associates who it is understood include Charles Laurendeau K.C., formerly head of the city's leagl department and now a member of the board, is that the present management for years past and as much now as ever before have shown themselves antagonistic to the city council and thereby enouraged the development of a civic system in opposiiton to that of the D.U.R. When a few days ago matters looked encouraging for arranging a lease by the city of the company's lines within the city, Mr. Gingras claims that obstacles were placed in the way of this by the executive of the company mainly for the purpose of retaining power. He declares that he and his group are anxious to negotiate with Mayor Couzens of Detroit in an effort to put an end to the constant litigation that has injured the railway company for many years past. Mr. Gingras points out the list of salaries that has been paid for some time to officials of the railway company as follows: J. C. Hutchins, chairman of the board, $43,000; F. W. Brooks, president, $38,000; A. F. Edwards, vice-president and treasurer $33,000; A. J. Ferguson, vice-president, $15,000 and E. W. Moore, Cleveland, vice-president, $13,000, a total of $142,000 for the five officers of the company.

Mr. Gingras in speaking of his campaign stated that one point he was emphasizing was that Mr. Edwards, a vice-president of the company had disposed of over 2,500 shares of stock held by him or his family since January, 1920. At that date the books of the company credited him personally or with his family holding over 2,500 shares whereas in September last he was credited with only 3. He objects also to the conditions under which the retiring president, Mr. Brooks, was given an allowance of one year's salary, $38,000 and an additional $10,000.

Meanwhile both sides are continuing a vigorous campaign to secure remaining shares.

QUEBEC POWER BY PRIVATE INTERESTS

Two Companies Seek Charter for Carillon Water Power

From Our Own Correspondent

MONTREAL.—Progress, is being made in the plans for developing the Carillon water powers and legislation is being sought at Quebec to enable the Quebec Public Service Corporation and the Canadian Light & Power Co. to extend their operations to fit in with the larger plans. Permission is being sought to distribute power over a much wider area than is covered by the companies' charter under which the new company will be enabled to sell and distribute power in various parts of the Province as well as within the boundaries of the City of Montreal. The new proposal is taken in many quarters to mean an end to any possibility of a merger of the Public Service Corporation with Montreal Light, Heat & Power.

Here's a Job for Mr. Robb

THE series of articles by Miss Agnes C. Laut, regarding trade opportunities for Canada in the newly organized Dominion of Central America, which appeared exclusively in THE FINANCIAL POST, have attracted the interested attention of Canadian manufacturers and exporters to judge from inquiries which have been made. At the same time acknowledgement is made by the Department of Trade and Commerce that Ottawa is not in a position to give effective assistance to develop trade in the market referred to.

A reader of the POST in Saskatoon wrote asking "the address of some prominent resident commercial house with whom I could correspond with the view to establishing a connection for the handling of flour and other grain products from Western Canada."

This inquiry was forwarded to the Department of Trade and Commerce. The reply stated that in the countries referred to, Costa Rica, Salvador, Nicaragua and Guatamela "we have no names of resident commercial houses and would therefore ask you to write to R. L. Defries, Foreign Counsul for Honduras, Toronto, Ont., or G. N. Gorang, representative for Guatamela, Toronto, Ont."

What stronger arraignment of the Department of Trade could be offered. A newly formed dominion offering markets for Canadian products—and Canadian exporters are referred, not to Canadian representatives in the countries concerned, but to the representatives of two of those countries in Canada; they are asked to deal with men who are here to market the products of their own countries—there is no one on the job to look after Canadian exporters' interests. This is a situation demanding the immediate attention of the new Minister of Trade.

The Shareholders should Demand an Investigation

WELL, the chief dependents of the shareholders and depositors of the Merchants Bank have all been on the stand in the police court as witnesses in connection with one of the chief causes of the bank's disaster, the failure of the Thornton Davidson firm. And it is not an unfair comment to make of the verbatim report of the evidence that "forthwith they all began to make excuse": the president, the general manager and the manager of the local branch. It is clear that it rests with the shareholders—and the Finance Minister of Canada, Hon. W. S. Fielding—to force an investigation. The shareholders have a right to know whether the disaster to the bank was the result of pyramided inefficiency alone, or whether there was an admixture of crookedness added thereto.

The Merchants Bank case does not condemn the banking system of Canada: it does suggest, in the absence of evidence to the contrary, that the audit system may be inadequate under certain conditions of weakness in the management of a bank. It also suggests that the choice of a president of a bank may be as important as that of a general manager. Shareholders and directors of banks should be thoroughly convinced that the election of a president from merely personal considerations, or his wealth, or the number of shares he holds, may prove fatal to the best interests of a bank, if with these is coupled an ignorance on the subject of banking as applied to the quality of commercial paper. The real protection of a bank is in its executive, and it might be far better in the interests of the community if the presidents of a bank were selected from a list of retired trained bankers, or at least from those whose business training enabled them from experience to deal intelligently with the vital point of bank loans. Some similar restriction may have to decide the choice of auditors. Usually the weak point in audits is the inventory valuation, and this applies in the case of a bank as much as in that of a lumber company, only infinitely more so.

There is a two-fold duty before the shareholders of the Merchants Bank in relation to the special meeting summoned for February 8. The one is to support the merger as arranged, or to send in proxies in its favor. If they fail to do so with the required two-thirds vote, they may face a much worse situation than their anticipated loss on the monetary value of the shares they hold under the terms of the merger; the second duty is to insist on a rigid investigation of all the causes that led up to the present crisis in the bank's affairs, including the responsibility that may rest with the management, the directors, and the auditors. When this responsibility is fixed and distributed, they should insist on the penalty being paid.

This is essential to the welfare of the whole banking system of Canada. Had the men who made false returns and wrecked banks in the past not been sent to jail, the Canadian banking system would not have stood as high as it does to-day, nor would it have inspired the confidence that to-day exists.

Call The Office Boy! Perhaps He Knows!

MONTREAL.—The chief figures in the Merchants Bank affair gave their evidence during the past week in so far as the relations of the bank to the firm of Thornton, Davidson & Co. are concerned; the president of the bank, Sir Montagu Allan; the general manager, D. C. Macarow; and the manager of the local branch—from which the loans to Thornton, Davidson & Co. start primarily, according to the usual custom—J. D. Kippen.

Most of the evidence may amaze readers, chiefly at the lack of knowledge of what many would consider vital points. THE FINANCIAL POST reproduces below verbatim questions and answers, taken from the official stenographic report of the proceedings in the police court, in the trial of Colin C. Cameron, a partner in Thornton, Davidson & Co., for the theft of $500,000 from the firm. The reading of the evidence should be taken in conjunction with the following facts among others:

The evidence shows that the Merchants Bank allowed Cameron an overdraft of over $700,000.

Also that during 1919 and 1920 prior to the failure of the brokerage firm he withdrew from the firm's account with the Merchants Bank and deposited to his personal account a sum of "something like $570,000."

Also that an audit of the firm about the end of 1919 showed that it was insolvent.

Likewise that it had an overdraft of over $2,000,000 with the Merchants Bank, and that later on this was increased to over $3,000,000.

Also that the failure of the firm is understood to have caused a loss of something like $4,000,000 to the Merchants Bank.

If the president of the bank, the general manager, and the local manager did not know, on whom could the defenceless shareholders depend?

The evidence is given in the order in which the officials of the bank appeared as witnesses in the police court in the case against Cameron. Fortunately it is rare in the history of the chartered banks of Canada.

Sir Montague Allan

of the city of Montreal, a witness, produced on the part of complainant, who having been first duly sworn both deposé and say as follows:

Examined by Mr. Alexander, K.C., of counsel for complainant.

Q. I understand you are the President of the Merchants Bank of Canada?

A. Yes.

Q. And you have been president for many years?

A. Yes.

Q. Did you know that the firm of Thornton Davidson and company had a trading account or a current account with your Bank?

A. Yes.

Q. When did you first get knowledge that Thornton Davidson and company had a current account with your bank?

A. It would be rather difficult to answer. It was before the war, and I could not tell you the exact year.

Q. I may perhaps remind you. Did you know Thornton Davidson in his lifetime?

A. Yes.

Q. At the time when he was lost at sea—you remember he went down with the Titanic?

A. Yes.

Q. You had knowledge of it before that?

A. Yes.

Q. Did it come to your knowledge as to the condition of the firm's account at the time of the death of Mr. Thornton Davidson which I be-

Continued on page 11.

TRIED INDUSTRIALS GOVERNMENT BONDS IN STRONG DEMAND

Victories Again Feature In Forward Movement On The Exchanges

UTILITIES FIRMER

Market Enthusiasm Dampened By Reduction of Dividends By Two Canadian Industrials

Investors' interest continues to centre about the tried industrial securities and gilt-edged bonds. Government bonds participated in a strong forward movement this week under the influence of an unusually broad demand. The prices were moved to new high levels in the current advance, and now represent a large margin over the market standing of these securities following the removal of market control more than a year ago.

One or two developments of the week have tended to temper some of the market enthusiasm that has been developing, and has indicated that the hazards of dividends reductions are not wholly past. Two Canadian industrials have announced a cut in dividends for the current quarter, this action rendered necessary by the unfavorable course of business during the past year, and a desire on the part of the management in each case to conserve revenue for the purposes of the company, in view of the uncertainties of the immediate future. In each case this action was foreseen by the street, and was liberally discounted accordingly.

As a group the utilites displayed evidence of reviving strength, several members moving steadily forward to levels, not attained since before the recent market debacle was inaugurated more than a year ago. Improvement in operating conditions is to the advantage of these companies, but reviving exchange and easier money in New York have had some measure of responsiblity for the movement. The papers were inactive, and continue to reflect not only the difficulties already experienced but the uncertainty of the future.

On the whole the markets continue to give a good account of themselves. The unfavorable dividend action of two industrials, while placing a damper upon the market enthusiasm for the time being, can hardly be regarded as a matter of fundamental importance now. This is but a reflection of past conditions, and as such will have no permanent effect marketwise.

The mining market after a period of outstanding strength has shown reactive tendencies due largely to the natural tendency to profit-taking rather than to any change in the positions and outlook of the market itself. The approaching summer season gives promise of witnessing a broad revival of actvity in the northern mining camps, and with costs declining these operations should be attended by profit to the companies and shareholders.

LOWER INTEREST RATES

One Indication of Better Times Approaching

From Our Own Correspondent

LONDON.—Before the Rotary Club, Morely Aylesworth, assistant manager of the Huron and Erie Mortgage Corporation said: "Following a period of depression and before conditions are better there are always certain signs which indicate that better times are on the way. Among these are lower interest rates and there are unmistakable signs that these are rapidly approaching."

NEWSPRINT PRODUCTION

Showing For 1921 Over 90 Per Cent. Of Previous Year

From Our Own Correspondent

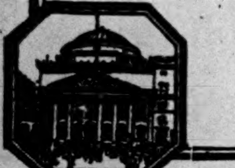
MONTREAL.—Production of Canadian newsprint mills for 1921 held up within 8 per cent. of 1920, or 92 per cent. The decline was 70.355 tons. The United States mills did not do so well, producing only 76 per cent. of the 1920 record.

PROGRESSIVES DEMANDS

WINNIPEG.—W. J. Lovie, Progressive M. P. for Macdonald, says that five matters need particular attention: freight rates, tariff reduction, free implements, development of a wheat market and reciprocity with the United States.

BANK ACCOUNTS ABROAD

IF you have funds abroad they may be deposited at any of the Foreign Branches of the Bank of Montreal. Particulars may be obtained through any Branch of the Bank of Montreal in Canada.



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ESTABLISHED OVER 100 YEARS
Head Office: Montreal
Total Assets in Excess of $500,000,000

THE MERCHANTS BANK OF CANADA

Head Office: Montreal. Established 1864.

Paid-up Capital .$10,500,000 Total Deposits (Apr. 30, 1921) $154,911,487
Reserve Fund ... 9,743,375 Total Assets (Apr. 30, 1921) $190,367,409

President: SIR H. MONTAGU ALLAN, C. V. O.
Vice-President: F. HOWARD WILSON.
Acting General Manager: H. B. MACKENZIE.
Acting Assistant General Manager: S. C. NORSWORTHY.
Supt. of Branches and Chief Inspector: T. E. MERRETT.
General Supervisor: W. A. MELDRUM.

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The Union Bank of Canada placed a branch of its Foreign Department in Vancouver because of this city's strategic position at Canada's gateway to the vast markets of the Far East.

This location and private wire connections between branches in New York, Montreal, Toronto, Winnipeg, and connections with Vancouver, enable us to keep closely in touch with conditions in Canada and abroad.

Through continual operations in the exchange markets of Canada, the United States, Great Britain, and world centres, we are able at all times to handle international exchange at closest possible rates.

AFFILIATION WITH THE PARK-UNION FOREIGN BANKING CORPORATION GIVES US DIRECT CONNECTIONS AT YOKOHAMA AND TOKYO, JAPAN; SHANGHAI, CHINA; AND PARIS, FRANCE.

Union Bank of Canada

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The Bank of Nova Scotia

Established 1832

Capital ....$ 9,700,000
Reserve Fund 18,000,000
Total Assets 230,000,000

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The Standard Bank of Canada

QUARTERLY DIVIDEND NOTICE NO. 125

A dividend at the rate of three and one-half per cent. (3½%) for the three months ending 31st of January, 1922, has been declared payable on the 1st of February, 1922, to shareholders of record as at the 16th of January, 1922.

The Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto, on Wednesday, the 22nd of February next, at 12 o'clock noon.

By Order of the Board.

C. H. EASSON,
General Manager.

Toronto, December 14th, 1921.

Your Business Abroad

With a fully equipped British and Foreign Department, transacting every type of foreign banking business, and with close foreign affiliations, this Bank can render you valuable service in conducting financial affairs abroad. You are invited to write to this department for any information or advice desired about foreign markets and conditions.

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IMPERIAL BANK OF CANADA
210 BRANCHES IN CANADA.

Agents in Great Britain: ENGLAND—Lloyds Bank Limited, London and Branches. SCOTLAND — The Commercial Bank of Scotland, Limited, Edinburgh and Branches. IRELAND — Bank of Ireland, Dublin and Branches. Agents in FRANCE: Credit Lyonnais, Lloyds and National Provincial Foreign Bank Limited.

PROGRESSIVES WILL ASSUME RESPONSIBILITY

Declaration of Policy of Leader of Farm Group

RAILROAD QUESTION

Mr. Crerar Stands Firmly for the Consolidation of the Big Government Operated Systems

By HON. T. A. CRERAR,
From his recent declaration of policy of the Progressive Party.

I believe that the business of government in a democratic country is one that concerns all people, high or low, rich or poor, irrespective of race, creed, or anything else. These are the considerations that must govern in a great country like Canada, in the creation of our political institutions which, in a democratic form of government, have everything to do with the business of legislation and administration of the country's business; that deal justly in all things pertaining to the government of the people. The responsibility of Progressives is not lessened in any degree. In fact, it stands out greater today than ever before. Heretofore, with the exception of a little group which sat on the cross benches in the house for the last two years, we had only a small group. But now we have a large group—66 members, and they must assume their share of the responsibility for the legislation that passes through the House of Commons, in a large measure, and for the administration of this country's business.

We have heard a great many predictions. I may state, in the fullest confidence, that I have had a multitude of advice in the last month. I have not yet succeeded in answering all the letters I have received, and if I followed the various courses marked out for me in the letters I have received, and in some of the newspaper articles I have read in papers from the Atlantic to the Pacific coasts, it would be worse than a Chinese puzzle to find out what to do.

Obligations of Members

But there are certain obligations resulting on Progressive members in the House of Commons; I know they will discharge their responsibilities from a sense of duty to their country, and from no other sense. I have been told our group will be ineffective—I read it before the election in some newspapers supporting the government of that time—and the electors were told not to vote for Progressive candidates because they would be voting for men who knew nothing of the methods of government. That was a very long bow, but we must not lose sight of this fact, that the Progressives elected to parliament have yet to gain experience necessary in our legislative halls to render the highest service to this country. The good contribution they will make to the public life of this country lies in this: they will bring a moral force to bear in parliament that will seek to have legislation passed, and the administration of this country's business shaped on lines, and guide a course that serves the people as a whole, and not any one section of the community. The country's interest, in all cases, should come first. That has not, at all times in the past, been the guiding principle of our governments. Our governments, usually are very sensitive to public opinion when that manifests itself in a clear and unmistakable way. But often that has not manifested itself, and governments have come under the influences of individuals who had only their own selfish interests to serve, rather than the interests of the national community. That is the angle from which I hope to see our duties approached.

The Railway Problem

The Grand Trunk and Canadian National consolidation should be proceeded with at once. It is absolutely necessary. It is vital to the success of the Canadian National Railways that the old Grand Trunk railway should be incorporated finally and permanently into the National system. I mention this because there are certain interests in Montreal that have opposed this step. There are certain newspapers, and very influential newspapers; certain public men, influential men, who have opposed the whole principle upon which our national railways are being conducted, and particularly the incorporation of the old Grand Trunk system with the Canadian National system. I don't know how far they may be able to get their views approved, but I say it here again, it is vital to the success of our national system of railways that the Grand Trunk consolidation be completed, and at the earliest possible date.

I have read suggestions that the Grand Trunk should be kept separate; either handed back to the old shareholders with government assistance, or be converted into a new company. Such a step is fatal to the national system. Also I have seen the question raised that, because the Grand Trunk has lines in the United States, that the United States will be annoyed if the consolidation takes place, but I do not see that the United States will concern itself in the absorption of one railway company by another in Canada, because one of those concerns has a few miles of railway in its territory. I am not quite sure that it is not propaganda from sources who want the Grand Trunk to remain where it is. I am just a little bit suspicious of the influences that operate in the city of Montreal on this national railway problem. And I think those interests will ascertain before long that they do not represent the sentiments of the Canadian people in this matter, and I will go further, that they do not represent the sentiments of the province of Quebec in this matter either.

PACKERS HAVE PASSED VERY TRYING PERIOD

It is Expected That 1922 Will See Upturn From the Low Levels Reached

By THOMAS E. WILSON,
President of Institute of American Meat Packers.

It seems to me the turn has been reached. The period through which we have just passed has been the most trying in the thirty-two years of my experience in the packing industry. We are now facing a new era.

I believe 1922 will witness an upward turn from the low levels we have reached, but every possible economy must be employed if we are to expect satisfactory results. This applies to producer as well as packer. The situation abroad is influencing conditions throughout the world.

Apparently 1921 was finished with normal annual production of live stock products which have passed into trade channels and consumption. But production has been moved at lower values. On November 1, 1921, beef carcasses were selling at or below the average price prevailing in 1914. Hence, 1921 sales show far greater decrease in money values than in quantity.

Government figures show decrease in storage stocks on December 1, 1921, as compared with the same date in 1920. In fact, at that date storage quantity was smallest on corresponding date since 1915. Production of live stock will not continue to expand under conditions of the past. Packing industry cannot reach a higher sphere of usefulness without moral support of producers and confidence of the public.

The greatest problem of the meat and live stock industry is the irregular and unsystematic method of marketing live stock, with no attempt by producers, as a rule, to distribute shipments to cause a fairly uniform flow of animals to the market.

Since termination of the war, exports have declined rapidly. In 1919 we exported practically 3,000,000,000 pounds of meat products, worth approximately $940,000,000. In 1920 we exported less than 1,730,000,000 pounds of meat products valued at less than $415,000,000.

STRIKE COSTLY TO INTERNATIONAL PAPER

A Deficit of Nearly $8,000,000 Through Adjustment of Inventory

After paying cost of strike which tied up mills for more than two months and hampered operations for eight months. International Paper Co. eleven months' statement to November 30 last shows an operating profit of $1,366,836 before depreciation. Pro rata share of bond interest amounted to $296,176 and preferred dividends $1,125,000, a total of $1,421,176.

The deficit of $7,879,309 shown for eleven months lies principally in the inventory item. Reserve for depreciation of inventory of $6,000,000, principally wood, is deducted from earnings, and $1,795,000 for ordinary depreciation.

Treatment of inventory item is interesting. At present there is no real market for pulpwood in large quantities. International Paper has probably set an arbitrary value on the wood pile which the near future may show is not justified.

International together with practically all other large paper companies has been out of the market since the Fall of 1920. Consequently what wood is offered is mostly at distress prices and no great stocks could be laid in. Due to withdrawal from the market of the manufacturers, cutting last year was negligible. It will probably continue so until late in 1922 or early in 1923 when paper companies are expected to come back into the market. A brisk upward movement in wood prices when companies begin to compete for supplies is likely, and it would not surprise the trade if prices went back close to peak level of 1920-21 when wood was above $30 a cord.

With quotations purely nominal and no great supplies obtainable a price of $21 a cord would probably cover the present market.

TO DISTRIBUTE FREIGHT THROUGH LARGER CENTRES

Change in Western System Looking to Reduce Costs

SMALL CENTRES OBJECT

Claim That it Will Undermine Their Commercial Position at a Time of General Business Uncertainty

From Our Own Correspondent.

REGINA.—An entire revision of trade distribution systems in the prairie provinces is forecast when the proposed new freight classifications, now under consideration by the railway companies, are made operative. W. B. Lanigan, general freight traffic manager of the Canadian Pacific Railway has been holding conferences here with representatives of provincial boards of trade and rural and urban shippers.

The object of the carriers is to concentrate, insofar as it is possible to do so, distribution from the large centers. To implement this, higher minimums for carlots and revision of regulations governing mixed shipments, are proposed under the heading of "Classification No. 17". This new schedule was introduced many months back and upon application to the Dominion Railway Commission, the carriers were instructed to gain the views of the shippers, a procedure which necessitated appointment of a rates' classification committee, a body formed of representatives with experience in railway matters. Its personnel is drawn from the three prairie provinces.

Favors Big Centres

Rural shippers in Saskatchewan and the other provinces of the middle west, are mainly opposing the new schedules on the grounds that it will effectually put an end to distribution from smaller centres. On the other hand, shippers from Regina, Saskatoon, Winnipeg, Calgary, Edmonton and other large prairie points, support the proposals on the grounds that the larger minimums for carlots, enable economy in distribution, widen the scope of the systems which they operate and permit of more efficient and economical railway services. Consumers too, they contend, will eventually reap the benefit of the revised classifications.

Another argument used by representatives of the rural centres in opposing the proposals is that any radical change in the methods of distributing goods, now operative, will have a tendency to temporarily disrupt business. From the inconvenient readjustment process which of necessity must ensue, chaos and uncertainty would arise, proving harmful to business, particularly during the present time.

The new classifications will have little or no effect upon grain or produce shipments, railway officials contend.

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FURTHER PHASES DEFLATION STILL TO WORK OUT

Fundamental Elements of Business Better Than Would Seem

PRICES OUT OF LINE

Producer and Consumer Must be Brought Closer Together —Banks Still Carrying Many Frozen Loans

By JAMES S. ALEXANDER,
President, National Bank of Commerce in New York.

The emphasis placed on deflation during the last year has, perhaps, tended to create the expectation that it would prove to be a cure-all for unsatisfactory business conditions. Deflation of prices, credit and currency have been drastic, but the improvement of business has been moderate. Some disappointment, therefore, has resulted. But there are misconceptions involved in this attitude. On one hand, there are further phases of the deflation episode to be worked out that are more serious than is generally realized. The fundamental elements of business, on the other hand, are better than is generally recognized.

Credit and currency have been contracted to approximately equilibrium with the requirements of business, but the readjustment is not complete. The two most important aspects of the further readjustment that must be made are liquidation of still frozen credits and the realignment of producers' and consumers' prices.

Prices Out of Line

Gratifying progress was made during 1921 in reducing the volume of unliquid commercial credits, but there is still a large amount. What remains is more difficult to deal with. The frozen loans which the banks are now carrying represent businesses which have found themselves in an especially hard position, due either to factors of individual management or because some lines have not felt the stimulus of improved conditions. The banks are standing by all such concerns deserving help. For many of them that still have high-priced inventories to liquidate, whose markets will see but slow recovery, a serious situation remains to be worked out. Deflation cannot be said to have been consummated until this final and most difficult phase has been cleaned up.

Again the full benefit of the readjustment will not be felt until price deflation has become more uniform. Different classes of prices have been thrown greatly out of line by the irregular progress of the downward movement. This is particularly marked in respect to wholesale and retail prices. A typical instance is that of the farmer. As a wholesale producer he must accept thoroughly deflated prices, but as a retail consumer he must pay prices that are entirely too high. As a result, the exchange value of the fruits of his labor is badly impaired. While this lack of co-ordination in prices persists there cannot be a full business revival. Price equilibrium must be reestablished, but obviously not by an advance in the prices farmers receive for their products, not by an advance in prices salary workers and wage earners receive for their services. It must be brought about by a further reduction in the prices that they as consumers must pay.

The Worst is Over

Such realignment of prices is prerequisite to substantial business improvement. A potential demand exists, and there is now no general indisposition on the part of the public as a whole to buy the things really desired or needed. Nevertheless, there rightly is a prevailing unwillingness to pay prices that are deemed relatively high. Furthermore, unemployment, reduced salaries and wages and the diminished scale of business operations have curtailed purchasing power and compelled a closer scrutiny of prices.

Although these important maladjustments still remain, industry and business are justified in believing the worst is behind the great majority of substantial business concerns. Many have absorbed their losses or have funded the indebtedness resulting from the sudden business reaction and price collapse. Many classes of wage scales have yielded to readjustment. Transportation and mining labor must be further adjusted, but the spirit of the times promises a solution of these problems.

As to the foreign situation, what lies ahead cannot be looked upon as encouraging high hopes. Our foreign trade will, for a time, consist chiefly of selling to other nations goods that they must have and cannot get elsewhere than here. As they rehabilitate their own productivity it may mean a shrinkage in their takings from America, but that is a process that will lead to stability.

But it also must be recognized that stable international business is dependent, upon a settlement of great international problems. Here is where the Governments of the leading nations must correct fundamental conditions now unsound, after which financial and business interests will be able to do their part. Some of these conditions have to do with public revenues and expenditures, unredeemable paper currencies, Germany's indemnities and the allied debts. The striking results achieved at the Washington Conference for the Limitation of Armament, under the frank businesslike and convincing leadership of President Harding and Secretary of State Hughes, give every reason for hope that there may be subsequent conferences which will be successful in dealing with other great world problems. An era of reason and understanding cannot but result, leading inevitably to a return of normal conditions in world industry, commerce and finance.

BUS TRANSPORTATION BECOMES POPULAR

High Steam and Electric Road Rates Have Effect in Detroit District

High steam and electric railroad passenger rates are proving a boon to operators of interurban bus lines around Detroit. Investment required is so small and profits so large that scarcely a day passes without announcement of new bus line enterprises.

One company having an investment of $30,000, operating four motor buses, is earning 70 per cent. for its stockholders after allowing for repairs, and replacements based on a four year use of equipment. A bus seating 20 passengers costs $4,000 to $5,000 and experience of this company shows costs including all charges are slightly less than 18 cents a mile. Three round trips of 50 miles each are made daily by each bus and with an average of 60 per cent capacity load and 2½ cents a mile rate per passenger, the daily net per bus has been $18.

Response of travelers has been so generous that bus companies have advanced rates to 3½ cents a mile in steam railroad territory and 2½ cents a mile in electric line districts. Increases have extinguished any differential under rail rates without affecting volume of bus business.

ADVERTISING POLICY OF INGERSOLL CO.

Created a Good-Will Which Can Still be Made a Great Asset

When a company which has been marketing such a widely advertised article as Ingersoll watches goes bankrupt the question naturally arises as to whether advertising in this case has been a failure. Printers' Ink takes up this point and not only explains that the failure was due to financial causes as the outcrop of the war, but declares that this concern, which started on a capital of $175 and is now personally known to millions of people through the medium of a serviceable watch still has a great asset—the asset of good-will built up through advertising.

The company it appears got into trouble through the advance in costs during the war and then, taking losses rather than advance prices until forced to, financed on short term securities which fell due at a time prices were slumping; the notes could not be met with cash and the materials secured were worth only a portion of the original costs. As to the advertising policy we quote:

> There never has been any serious question as to the soundness of the Ingersoll sales and advertising policy. Results indisputably prove its soundness. For to-day all that Robt. H. Ingersoll & Brother have left is the good-will that their years of steady advertising have created. Their watches are being carried in millions of pockets. Millions of persons are ready to buy an Ingersoll watch when they again need one. Thousands of retailers are carrying Ingersoll watches and are ready to buy more when their stock runs out. These friendly trade and consumer relations represent good-will of priceless value, which required years to create.
>
> So while the physical assets of the firm are wiped out by liabilities which exceed resources to the extent of a million dollars, there remain these intangible assets, built by advertising, on which a new business can be immediately founded. In fact, the creditors' only hope of realizing any worth-while amount on their notes is to continue the business and thus make the good-will build profits for them. It is likely that Receiver Childs will effect some sort of a reorganization with this end in view.

One point which has been made is that the company found it difficult to make necessary price advances because it had concentrated its advertising campaign on the consumer, without educating the retailer.

RATES COMING DOWN

Railroad rates are being slowly but steadily forced downward by economic laws that govern their levels, Daniel Willard, president of the Baltimore and Ohio Railroad, asserted before the Interstate Commerce Commission when that body resumed its inquiry into transportation charges. There is no need, but considerable danger, he added, in forcibly decreasing rates by Government edict at present.

CONFERENCE HELPS GENERAL MOTORS EXPORT BUSINESS

New Note of Confidence Abroad Has Boomed Oshawa Industry

SHIPPING MANY CARS

Export Business of 100 Cars Daily Has Been Built Up In Canada Almost Overnight

Three months ago when the General Motors Corporation policy of concentrating export business at its Oshawa plant was announced it did not seem that this development would be of much importance to Canadian industry for some time to come. Export business in every line was at the lowest ebb. In the very short space of time that has elapsed much has happened; the Washington Disarmament Conference in particular has succeeded in injecting a note of confidence into international trade; the possibilities of a solution of international currency problems, suggested by the study being given by men of finance to questions of exchange and foreign credits, is another factor that is making exporters and importers more hopeful of the outlook.

Now an average of one hundred automobiles a day are being shipped by the General Motors Oshawa plant to all parts of the world. This is in addition to the domestic business of the McLaughlin, Chevrolet and Oldsmobile units. The total is rapidly mounting and it is quite possible that shortly the export business of the corporation will exceed the total daily domestic production in Canada before this most recent development.

The cars shipped include Buicks, Chevrolets and Oldsmobiles while the Oakland, another General Motors Corporation car that has never been manufactured in Canada will be added to the list shortly. All of these cars are manufactured in Oshawa. The countries they are shipped to include practically every nation on the map. In a recent visit to he plant the writer passed through the Shipping Room and one train load that was being made up had cars packed for Baranquilla, Canary Islands, London, Eng., Sydney, Christiania, Rangoon, Barcelonia, Hong Kong and Buenos Ayres. The cars shipped to England are consigned direct to a subsidiary company in the British Isles but the automobiles for the other points are shipped to local dealers and agencies who have established credits with the General Motors Export Company.

Observe Market Niceties

The requirements of the nations to which the cars are shipped are always kept in view. For the English market the cars are all right hand drives, have grey rather than black or blue bodies, cloth tops and the batteries are on the running board. The first is an essential in the British market; the last three features are a recognition of the value of observing the small points that bring favor.

The new shipping building put up by the General Motors Canadian interests at Oshawa about two years ago is now proving its usefulness in the handling of the new business. There is room under one roof for forty-eight freight cars which a loaded with the most scientific precision. The packing of the individual cars is the result of deep study of the subject. The General Motors shops in Oshawa are running to almost full capacity. About 1800 employees are at present on the pay roll. In Walkerville, Ontario, where the heavy parts for General Motors cars are made the factories employ about 750 at present. This staff is engaged in the manufacture of Motors, Axles, Transmissions and other heavy parts of McLaughlins, Buicks Oldsmobiles and Chevrolets which are assembled and finished in the Oshawa factories.

To Canadian business men there is a deep interest in the fact that such a large export business has been built up in Canada practically overnight. In many ways the manufacture of these cars in Canada and their export from Canada will help to solve some of Canada's problems. The development locally of the town of Oshawa, the employment of more men at the plant, and the creation of new business for tanneries, foundries, lumber mills, tire companies, etc., are important considerations but they are not the only ones. The creation of new traffic for the country's underfed railway lines and the building up of a favorable trade balance to offset our already none too satisfactory balance abroad are two benefits that will accrue to Canada from this new development that must be met with general satisfaction. The fact that the shipments are being made as far as possible in Canadian boats is also worthy of attention.

50 Years of Foreign Exchange

SINCE 1872 we have specialized in the transaction of foreign exchange business through our New York Agency and the constantly increasing number of our branches.

Our facilities for the purchase or sale of exchange on all parts of the world are excellent.

THE CANADIAN BANK OF COMMERCE
Capital Paid up $15,000,000
Reserve Fund $15,000,000

A Service of Value

A BUSINESS connection with this Bank, which is in daily contact through its own Branches with all parts of Canada and Newfoundland, the West Indies, Central and South America, as well as with London, Paris, New York and Barcelona, will keep you in touch with worldwide financial and industrial conditions.

OUR service has a very practical value for you and your business.

THE ROYAL BANK OF CANADA
Total Resources - - 500,000,000

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S. C. MACDONALD

Where is Your Will?

How often have you heard, after the death of a friend or acquaintance, that his or her Will could not be found. If you name this Company Executor, your Will can be fyled in our vaults free of charge and recorded. Thus you are ensured of security of your Will and that the terms of the same will be fulfilled.

THE BANKERS' TRUST COMPANY
Head Offices: MONTREAL.
Authorized Capital: $1,000,000
NINE BRANCHES THROUGHOUT CANADA
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TORONTO ROYAL BANK BLDG.
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NEW YORK EQUITABLE BLDG

CANADA CEMENT STATEMENT ABOUT SAME AS IN 1920

Indications That Common Dividend Only Half Earned

PROSPECTS FOR 1922

Improvement in Houses and Roads, But Business Buildings Not Promising — Export to Improve

From Our Own Correspondent.

MONTREAL.—While the annual statement of Canada Cement Co. will not be available until about the end of February, THE FINANCIAL POST learns that the sales ran about the same as for the year 1920. While ther was a reduction in costs during the year, including that of labor and coal, the company made two cuts in the price of cement which it is understood covered pretty well the amount of the reductions. There must be taken into account also the losses in inventories which have been suffered by practically every producing concern the past year or so. In the case of Canada Cement this applies particularly to coal which it is necessary for the company to carry in large volume at most of their plants over the winter months. There was a loss in various other commodities so that those in touch with the year's operations are not looking for the financial statement to show any better than that of 1920 when only 3 per cent. was earned on the common stock instead of the full dividend of 6 per cent. Indeed it would not be surprising if inventory losses resulted in net profits for 1921 falling slightly below those of 1920.

Looking forward to the year 1922 it is impossible to forecast what the company's business is likely to be. The first three months of the year in any case are very light insofar as sales and shipments are concerned, and a firm might sell double last year's quantity during the winter months without having much effect on the total year's output. At the present time no one connected with building operations is able to judge with any degree of accuracy what the demand will be for building materials of any description. In general, however, it is believed that the demand for cement will be fairly active in two directions, namely, from the building of houses and from the construction of roads. In the former case it is felt that costs of materials and of labor are reduced sufficiently to encourage the erection of a smaller class of dwelling both by contractors, housing corporations and by the individual owners of lots. Insofar as roads are concerned it is usual during the time when there is a good deal of unemployment for provinces and municipalities to go into the building of roads on a fairly large scale. In the Province of Ontario, for instance, it is expected that the construction of the main arteries will be carried on on a fairly extensive scale this summer and Quebec Government is expected to do its share.

Where Canada Cement, in common with other producers of cement, seems likely to receive comparatively small encouragement is in the larger orders for warehouses, factories and office buildings that make production bulk large when general business conditions are thriving. Little is expected during the present year in any one of the three lines mentioned. The company also looked for large orders from construction work on the Welland Canal but policy of retrenchment at Ottawa may limit the work here very considerably. This would apply also to the demand for cement for public buildings throughout the country. As matters stand then it would appear that the company might be expected to show a small increase in production during the present year, with costs falling gradually, and that this gradual increase might be looked for for several years to come. Taking the production of 1921 and 1920 this covers only about 50 per cent. of the capacity of the company's plants.

Export Trade Better

Last year Canada Cement made some progress in developing an export business with the West Indies, Cuba, South America and South Africa. The demand started in the spring, fell off during the summer but the year ended with a fair demand and it is expected that the present year will see a considerable increase in exports. The company during the year solved the problem of watertight containers, displacing wood and paper barrels with steel. These are produced on the company's own plants and arrangements are being made to increase the output.

Meanwhile good progress is being made on the new ten story office building the company is erecting here, and this is expected to prove a good investment. Shareholders may reasonably take the expenditure on this to indicate that the management consider its financial position to be strong enough to permit of this "outside" expenditure, and even although the dividend for 1921 was not earned there seems every reason to believe that it will be maintained out of accrued surpluses provided a fair improvement can be noted in the company's business as the new year progresses.

CANADIAN PACIFIC

Moves To Higher Levels — Oil Prospects in West

Canadian Pacific sold at the highest point in more than a year in New York this week at 124. The current advance is in part a sympathetic movement which has extended throughout the dividend bearing rail securities arising out of the easier money situation. With dividends of 10 per cent. seemingly assured, C. P. R. becomes more and more attractive as a buy as interest rates decline.

One Toronto stock broker analyzed this kindly regard for C. P. R. as being due in part to the prospect of oil discoveries in the province of Alberta. He pointed out if oil were located in that province, not only would the railway company be able to reduce its expenditures for fuel, through the use of oil, but there was a very fair prospect that the C. P. R. lands would enhance in value through the boom which would accompany the discovery of oil on a large scale.

During 1921—

The Canada Life Assurance Company

(Established in 1847)

Made the following substantial progress:

		Increase
Total Assurance in Force increased to	$320,090,000	$43,423,000
Total Assets increased to	80,098,000	3,989,000
Reserves for Protection of Policyholders	68,590,000	4,925,000
New Assurances Issued in 1921	70,969,000	7,444,000
New Assurances paid for in 1921	62,063,000	3,802,000
Surplus earned in 1921	2,600,000	438,000
Total Income for 1921		$15,538,000
Dividends to Policyholders in 1921		1,513,000
Total Payments to Policyholders in 1921		6,586,000

Above, in brief, are the results for 1921, as shown by the Financial Statement.

Below are some of the noteworthy achievements of the year:

1. Dividends to Policyholders maintained at the high standard set by the Canada Life.
2. Made the largest surplus earnings in the history of the Company, extending over seventy-four years.
3. Further increased the average interest earnings to 6.17%.
4. Continued to improve service to public by special educational training of field force, 50% more representatives having benefit of this instruction than in previous year.
5. Placed more insurance with present Policyholders than in any other year, and increased public interest in Monthly Income, Business, Estates and Group Insurance.
6. Wrote more than twice the amount of Group Insurance placed in previous year.

HEAD OFFICE, TORONTO

BRIDGE DIVIDEND WAS CUT IN TWO

President Kept Promise at Annual Meeting to Surprise of Street

From Our Own Correspondent

MONTREAL—The directors of Dominion Bridge Co., on Wednesday followed a course suggested by the president at the annual meeting last week and cut the dividend from 3 to 4 per cent. by declaring a dividend of 1 per cent. for the quarter. The cut to 4 per cent. however came as a surprise to most on the Street who were looking rather for a 5 or 6 cent. payment. Yet the president had stated at the meeting that "Your directors are of the opinion that a distribution of 1 per cent. in the capital stock may be made on the 15th of February without impairing the company's position. "The financial statement showed 5.3 per cent. earned on the common stock for the past year. The total volume of business entered during the year ending October 1, 1921 was $4,100,00 as against $9,700,000 for the preceding year or a little less than half. The dividend was cut in view of current conditions and in spite of fairly large surplus that had been secured through the Quebec Bridge contract.

ENGLISH ELECTRIC

Orders sufficient to keep the plant in operation for several months are on the books of the English Electric Company. Many orders have been written lately that were outside the capacity of the former Canadian Crocker-Wheeler Company but which have been made possible by the company's connection with the English Electric Company of Great Britain.

Financing of the company will be completed by the end of January, it is believed. The Canadian Debentures Corporation has practically completed sale of the $2,000,000 preferred stock issue.

INCREASED PROFITS OF MONTREAL TRUST

New High Record Made—Increased Business in All Departments

From Our Own Correspondent

MONTREAL.—The Annual report of the Montreal Trust Company showed record profits amounting to $216,753 as compared with $175,722 of last year, up to that time the highest in the company's history. In addressing the shareholders Sir Herbert Holt the president, stated that the business of the company had shown material increases in all departments. Estates and trusts under administrations and trusteeships for bond issues now show the total of $535,709,986 giving an increase for the year of $160,440,520. This under existing business conditions was considered a very satisfactory result. The appropriations from profits included a dividend of 10 per cent. on the capital of $1,000,000, war taxes, reserve, $12,774; and McGill Centennial Fund $2,000, leaving a balance of $101,021 to be added to the surplus of one year ago of $150,712, leaving a balance carried forward into the new year of $252,691. Total assets of the company now amount to $3,830,863.

QUEBEC RAILWAY

The annual statement of Quebec Railway, Light, Heat and Power Co., will be issued towards the end of February and will cover a period of eighteen months, from July 1, 1920 to December 31, 1921. The previous report showed a deficit of $45,000 but the new report will show a substantial surplus for the period covered.

Red Star Oil Refineries have secured 18 acres of land in Montreal East at a cost of $100,000 and will erect an oil refinery thereon. The authorized capital of the company is $3,000,000 divided into 300.000 shares of $10.00 each of which 100,000 are preferred and 200,000 common.

STOCK MOVEMENTS OF THE WEEK

Week Ending January 17.

BANKS—	Div. Rate.	Ask.	Bid.	High.	Low.	Close.	Sales
Commerce	12+1	185	183	184	183	184	93
Dominion	12+1	195	...	195	194	194	20
Hamilton	12	169	...	169	169	169	29
Imperial	12	172	...	175	172	172	51
Molsons	12	170	...	169¾	168	168	262
Montreal	12+2	...	216	218¼	217	218	286
Nationale	12	130	...	130	130	130	10
Nova Scotia	16	258	...	254	253	253	38
Royal	12+2	...	200	201	199½	200	439
Standard	14	201½	...	203	203	203	14
Toronto	12	186	184	186	185	186	41
Union	10	142	140	141	140	140	205
INDUSTRIALS, UTILITIES, ETC.							
Abitibi Pulp & Paper, com.	..	30½	30	30⅝	30	30¼	828
Abitibi Pulp, pref.	7	84	83	83¾	83¼	83¾	65
Ames Holden, com.	..	...	...	15	15	15	10
Ames Holden, pref.	..	...	...	26	25	25	150
Amer. Salesbrook Com.	..	...	10	10	10	10	76
Amer. Salesbook, pref.	7	85	81	81	79½	81	103
Asbestos Corp., com.	6	44	48	48¼	48	48	51
Asbestos Corp. pref.	7	76	..	76	76	76	20
Atlantic Sugar, com.	..	25	24	26	23¾	24½	2477
Barcelona Traction	..	4¼	3⅝	4	3⅝	3⅝	120
Bell Telephone	8	...	106	106½	105	106¼	336
Brazilian Traction	..	30⅞	30⅝	31	28	30½	5803
B. C. Fishing	..	25	24	25	20	24¾	320
Brit. Empire Steel, com.	..	9½	9	9	9	9	323
Brit. Empire Steel, 1st pref.	..	...	63	63¼	63¼	63¼	5
Brit. Empire Steel, 2nd pref.	..	...	23½	24	23	23¼	83
Brompton Pulp	..	20	19¾	20¼	19¼	19¼	551
Burt, F. N., com.	10	107½	106½	106¼	104⅞	106¼	118
Canada Bread, com.	..	26¾	26¼	28⅜	26½	26¼	230
Canada Bread, pref.	7	...	87	87	87	87	6
Can. Car & Foundry, com.	..	20	..	20	20	20	25
Can. Car & Foundry, pref.	..	50	..	46½	46½	46½	25
Canada Cement, com.	6	55½	54¼	54	52¾	54	455
Canada Cement, pref.	7	..	89	90	89½	90	174
Canada Steamships, com.	..	14½	13½	15¾	15	15	267
Canada Steamships, pref.	..	45	44½	45	43⅝	44¾	1175
Can. Converters	7	..	69¾	70	70	70	177
Can. Cottons, com.	8	80	..	80	79	79	230
Can. Cottons, pref.	6	80	..	80	80	80	53
Can. Gen. Electric, com.	8	96	95	96	92	96	448
Can. Gen. Electric, pref.	7	102½	101½	102½	102	102½	15
Can. Pacific Railway	10	132	131	131¾	128	131¼	520
City Dairy, pref.	7	..	89	89	89	89	16
Consumers' Gas.	10	75	74½	76½	75	75	539
Crow's Nest Pass Coal	6	50	48	50	50	50	20
Detroit United Rly.	10	68½	66½	71	67½	67½	335
Dominion Bridge	8	56	55½	59½	51	55½	2652
Dom. Canners, com.	..	27	25	27⅜	25	26	69
Dominion Canners, pref.	7	76½	75½	76½	76½	76½	10
Dominion Glass, com.	6	56	54¾	56	54	54	335
Dominion Glass, pref.	7	..	87½	87	87	87	5
Dom. Telegraph	6	..	36	36	36	36	3
Dom. Textile, com.	12	138	137½	138	135	138	214
Dom. Textile, pref.	7	111	..	111	110	110	50
Dom. Iron, pref.	7	..	60	62	62	62	55
Dom. Steel Corp., com.	..	26	25	25¾	25¼	25¼	70
Dom. Steel Corp., pref.	6	67	..	66	64½	65½	120
Duluth-Superior	..	17	15½	17	16	17	105
Ford Motor Car	15	285	275	285	283	285	6
Howard Smith Paper, pref.	8	73⅜	..	73½	73½	73½	180
Howard Smith Paper, pref.	8	88	..	90	90	90	25
Illinois Traction, com.	..	30	..	30½	26½	29½	801
Illinois Traction, pref.	6	81	..	80	76	80	37
Kaministituia Pr.	8	80	..	80	80	80	5
Lake of the Woods, com.	12	..	140	141⅛	140	140	85
Laurentide Paper	6	73	72	73½	72½	72½	180
Lyall Construction	4	35	33½	35	31½	35	565
Macdonald, A.	..	12¼	11¾	18½	12	12¼	1110
Mackay, com.	6	80¾	80½	80¾	78½	80¼	805
Mackay, pref.	4	..	63	64½	62	64	260
Maple Leaf Milling, com.	12	121	115	125	120	120	122
Maple Leaf Milling, pref.	7	..	97	99	98½	99	60
Montreal Cottons, pref.	7	104¼	104	104¼	104	104	131
Montreal L. H. & Pr. Cons.	5	89	88⅞	89	87½	88¾	2240
Montreal Tramways	10	..	45	45	45	45	1
Montreal Tramways	10	150	148	149	146	149	719
National Breweries, com.	4	56⅛	56	56¼	54½	56¼	1780
Ogilvie Flour, pref.	7	..	105	105¼	105¼	105¼	5
Ont. Steel Products, com	8	38	..	36	36	36	35
Ont. Steel Products, pref.	7	83	..	84	84	84	25
Ottawa L. H. & Pr.	6	..	75	76	75	75	338
Ottawa Traction	4+1	..	71	73¼	73¼	73¼	10
Pacific Burt, pref.	7	80	75	80	80	80	2
Penmans, com.	8	105	100	102	100	101½	56
Porto Rico Railways, com.	4	35	..	30	30	30	25
Price Bros.	2	..	30	33	33	33	25
Quebec Rly.	..	24	23	23½	23	23	484
Riordon Pulp, com.	..	4½	3½	4	4	4	250
Rogers, Wm., Pref.	7	80	77	78	77	78	17
Shawinigan W. & P.	7	106	105½	106	105	106	430
Spanish River Pulp, com.	7	56	54	56	54	56	256
Spanish River Pulp, pref.	7	69	..	69	68	68	195
Steel of Canada, com.	7	56½	55½	56½	51¾	56½	2567
Steel of Canada, pref.	7	..	93	94	93½	93½	16
St. Lawrence Flour, pref.	7	93	..	92½	92½	92½	6
St. Maurice Paper	8	88	..	88	88	88	105
Toronto Railway	..	68	66½	68	66½	67	508
Wabasso Cotton	4	..	55	56	53½	55	46
Wayagamack	..	38½	..	39	36½	38¾	125
Western Can. Flour	8	..	115	115	115	115	8
Winnipeg Electric	..	34½	33	34	33	33	430
Canada Landed	10	..	69	69	69	69	26
Can. Permanent	12	18	17½	19	18	18	532
Ham. Provident	10	..	138	137	137	137	1
Montreal Loan	12	..	..	40	40	40	10
National Trust	12	..	190	190	190	190	44
Toronto Gen. Trusts	12	..	200	200	200	200	29
Toronto Mortgage	9	..	74	75	74	75	90

CANADA LIFE HAS RECORD YEAR IN 1921

Annual Statement Reviewed by President H. C Fox

At the Annual Meeting of the Canada Life Assurance Company, January 12th, the president, Mr. H. C. Cox, reviewed general business conditions in 1921, and spoke of the bright outlook for Canadian business in the future.

In reviewing the Annual Statement of the Canada Life for last year, when Canada's oldest company made an exceptionally fine record, Mr. Cox spoke as follows:—

I am happy to say that in our Company we have been able to reach the objective set at the beginning of the year. Having in mind the large volume of new assurances sold in 1920 we felt we should not be too ambitious in 1921, and consequently fixed as our goal $70,000,000. This figure has been exceeded by $900,000, giving us the handsome increase of $1,600,000, or 12 per cent. over 1920, and bringing the assurance in force to $320,000,000. In view of the general decline of 15 per cent. in new business in 1921 we are proud, but I hope not unduly so, of the fact that ours is so far as we know the only Canadian company reporting a business in excess of that of the preceding year. Great Britain has again given us a very gratifying contribution, and it will interest you to know that the Province of Quebec has had a large share in our success. Some years ago we commenced issuing policies in French, and have followed this up by publishing the annual statement and all advertising matter in that language. As the Canada Life was the first company to enter Quebec having done so in 1853, so it has been the first to issue in the French language a course of instruction for salesmen, and we have had several requests to allow its use in colleges and schools. We have, of course, very considerable sums invested in that province.

In the course of the year I visited with the General Superintendent, the offices of the company in Great Britain, in the United States and throughout Western Canada. Everywhere we found in our representatives that healthy optimism and atmosphere of success which surrounds men who have striven out of the fogs of depression and have turned to their own advantage and to that of their institution the lessons to be learned from constantly changing circumstances. The persistent cheerfulness of the life assurance salesman is of untold value not only to himself but to the public with whom he mingles, and enables him to present his proposal with the conviction that it carries with it that relief from worry and that mental repose which leave one free to prosecute unhampered one's ordinary business or profession, with its normal benefit to the state.

You will remember that two years ago group insurance was introduced in Canada. The channel to which this particular form of coverage was to be directed has, through the widespread curtailment of operation in the industrial world, been largely closed to us, but in its stead there has opened another avenue which has proved interesting and renumerative. This includes employees of many municipalities, of banks and trust companies, of educational and other institutions.

Policy Loans.

Influenced by the prevailing conditions in finance, policy loans, according to available information, have been resorted to in greater measure than before and more particularly in rural districts. Continual warning is being given by all companies in the effort to drive home the danger of impairing the equity in one's policy, and persistent propaganda is carried on looking to the repayment of loans already incurred. With others, this company has experienced an increasing demand from this source, but the result of our campaign for repayment or reduction of existing loans has been so marked that the net increase in the aggregate amount thus invested has not been above the average. This is encouraging, and lends color to the belief that the means being adopted to augment our present effort toward decreased terminations and increased conservation will prove of value. It is thought that during the early policy years a constructive and reasoning influence may be effective in keeping the assured informed and interested in his policy. This can be done best from the home office, and special machinery has been set up for the purpose. A policy saved is a friend made. So we shall strive to prevent the lapse rather than to secure the reinstatement, upon the theory that it is wiser to lock the stable door before the horse has been stolen.

Surplus Earnings.

It has been our good fortune, even throughout the disturbance of war, to be able to report from year to year a continuously increasing earning power, and 1921 maintains the worthy succession. There has been an unusual factor affecting our death ratio, so that the saving as between the losses actually incurred and those provided for has been greater than ever before, and this added to the earnings from other sources aggregates $2,600,285.46. This is the largest surplus earned in the company's history, extending over 74 years, and not only ensures the continuance of our bonuses upon the present scale, but enables a slight increase upon some classes of policy. It is most gratifying that we have been able to achieve this remarkable surplus while accepting seventy millions of new assurances. This experience is unique, and must greatly increase the already large confidence of our members and of the public in our institution.

Sound Investments

One of the most important factors in the success of a life assurance company is the character of the securities in which its funds are placed and the net rate of interest they yield. I am able to say with great confidence, that the investments of the Canada Life are second to those of no other institution anywhere, and that combined with this great safety is a most gratifying interest return. In the early part of the year we were still able to acquire securities of undoubted value at prices approximating those of the previous year, but latterly the market has shown an upward tendency, with a consequent slight decrease in yields. We have, however, been able to employ our investment funds to advantage, and our net rate for the year, 6.17 per cent., indicates another small step on the ascending scale. The demand for mortgage loans continued, and our managers have again exercised fine discretion in their recommendations. Some of these loans are to cover accumulated bank advances, some to enable further development, while still others are required to carry the borrower over the period of stress occasioned by the unhappy reduction in the value of his crop. All loans granted this year have been in only the best districts, and, as usual, upon our own valuations. I venture to reiterate that our farm loans average only 7.50 per cent. per acre. In view of the frequently disturbing experiences in some portions of the Western Provinces, perhaps you will permit me to say that this company has been particularly well and happily advised since the inception of its loaning operations there, and that consequently we have extremely few, if any, loans in the district which have proven so undesirable alike for the farmer and the investor. The difference between the ultimate price received for wheat and cattle and that anticipated, has, of course, been reflected to some extent in interest payments, but our 10,000 borrowers have, on the whole, done as well as could be expected, and our aggregate collections show a very satisfactory increase over last year. As usual we have not included in the asset described as "interest outstanding" any sums in arrear which appear doubtful of collection. It is unavoidable that amongst so many borrowers some will fall by the wayside, but we have never yet had to accept a net loss upon properties coming into our hands.

The funds arising from our operations in Great Britain we have continued to invest there pending a turn in the exchange situation, and have now in that country securities of $4,548,336, with an average yield of 6.05 per cent.

Your assets have, as usual, been valued upon a most conservative basis, and you will remember the special contingent fund of $500,000, which you have set up as an additional protection and stabilizer.

It was our great misfortune to lose this year a dear friend and colleague in the death of Dr. John Hoskin, K.C., who had been one of your Directors since 1899, and Vice-President for some years. For a time he resided in England, and while there was most helpful as Chairman of the Board in Great Britain. Indeed, throughout his association with the company he felt a keen responsibility for its success and gave most freely of his time and counsel to ensure it.

Seventy-Five Years' Service

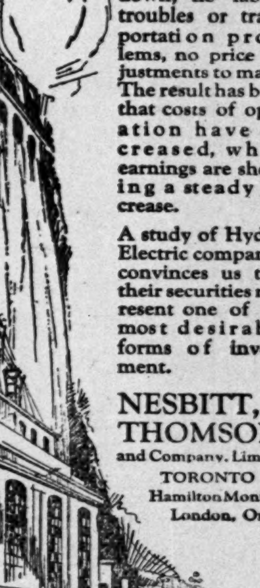
We have just entered the company's seventy-fifth year. In honor of this anniversary we have fixed as our objective in new assurance seventy-five millions of dollars, and your Directors have authorized an increase in the limit of risk to be carried upon one life to $75,000. Your officers and representatives in the field are high-spirited and hopeful, but would value the support of every policyholder and shareholder in the extension of what is after all a business very personal to each of you and in the progress of which you each have a very lively interest.

The statement which has been submitted for your approval results from the cheerful and continuous effort of all branches of the service, and your Directors desire to cordially thank all who have had a share in it.

My warmest thanks are again rendered to the members of the Directorate, to our Board in Great Britain, to the officials, the medical directors, the solicitor, the agency and the loan managers and each individual unit in the Home Office and in the Field for the courtesy and consideration with which their generous support has been given throughout the year.

Forging Ahead

Alone practically among industries, deflation has worked to the benefit of Water Power Companies.



Their business is on a cash basis, there were no inventories to write down, no labour troubles or transportation problems, no price adjustments to make. The result has been that costs of operation have decreased, while earnings are showing a steady increase.

A study of Hydro-Electric companies convinces us that their securities represent one of the most desirable forms of investment.

NESBITT, THOMSON
and Company, Limited
TORONTO
Hamilton Montreal
London, Ont.

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NEW RECORD OF PROFITS TORONTO GENERAL TRUSTS

Net Earnings Stand at $372,-599 Compared With $353,714

RESERVE FUND GROWS

Assets Are Greater as Well, the Total Standing at $73,-995,374. Compared With $69,135,658

Despite the exigencies of the adjustment year the Toronto General Trusts Corporation has materially strengthened its position and reports the highest earnings on record. The financial statement indicates expansion in several other directions as well, notably in the higher assets, the estates managed, and the increase in the reserve fund. Net profits for the year at $372.599 compared with $353.-714 for 1920 and $343,984 for the previous year. Including the balance from the previous year's account and the premiums on stock there was available for distribution the sum of $870.620. The sum of $2449.448 was applied on dividends against $181.407 for previous year and an allowance of $75.000 on premises was absent from the former year's account.

The balance at $200.378 compares with $790.638. The following comparative table shows the distribution of earnings for the past three years:

	1921	1920	1919
Profits . . .	$372.599	$353 714	$343.984
Bal ford. . .	293,163	265,529	152,812
Premium on stock . . .	204,858	171,395	....
	$870.620	$790.638	$496.796
Divids	$229 448	$181,407	$180.000
Patriotic . .	3.350	....	6,500
Premises. . .	75,000	....	....
Reserves . .	250.000	250,000	....
Inc. taxes .	37,000	25.000	25.000
Written off.	60.444	41,068	19,767
Contingent. .	15.000	....	....
Balance . ..	200,378	293,163	265,529
	$870,620	$790,638	$496.797

Through an increase in the capital stock subscribed and fully paid from $1,648,600 to $2,000.000 there has been a decline in the percentage of earnings to paid-up capital to 18.6 per cent. from a rate of 20.56 per cent. for the previous year. Following are features of the company's record for the past fifteen years:

Year	Profits	% on Cap.	Div.	Stocks High	Stocks Low
1921	$372 599	18.60	12	201	180
1920	353.714	20.56	11+1	211	196½
1919	343.983	22.92	10+2	220	207
1918	321.969	21.46	10+1	204	199¾
1917	300.886	20.00	10	215	200
1916	321.382	21.42	10	212	205½
1915	345.456	23.03	10	204	189
1914	324 381	21.62	10	204	189
1913	299.016	22.16	10	200	183

The balance sheet shows the reserve fund now at $2,500.000, compared with $2.250,000 a year ago. Contingent reserve fund has increased from $35.000 to $50.000. Among the assets, mortgages on real estate amounted to $14.147,837, and government and municipal debentures $15.-212,552, both being higher than last year. Original assets, including real estate, mortgages, debentures, stocks and bonds in the estates, trusts and agencies account, amount to $73,995,-374, compared with $69,135,658 a year ago. Total assets have now reached $112,762,324.

The growth of capital, guaranteed and trrst accounts, is outlined below:

Year	Account	Account	Account
192[illegible]	$4,915.357	$7,741,339	$107.596,746
1920	4,389.768	9,124.317	100.248,237
1919	3.822.637	9,476.559	87,763.834
1918	3,759,444	8,158,883	78,887,301
1917	3,625.628	8,939,785	70.721,368
1916	3,523.026	8,965.168	64,692,318
1915	3,413,812	9,715,345	58,740,311
1914	3,251,487	9.539.321	54,630.291
1913	3,093.266	8,785,637	51,176,929
1912	2,480,389	7,278,857	44,093.317
1911	1,804,591	6,163,731	37,118,336
1910	1,705,783	5,634,699	34,260,815

BRAZILIAN TRACTION

Responds in Price to The Steady Accumulation in Progress

A steady accumulation of Brazilian Traction, of fairly broad proportions, in progress for a number of weeks has had the tendency of infusing an unusual degree of strength into the market position of this security the price having advanced in a steady forward movement to 31⅞ the highest point since the month of May last. There was no news on the street to account for this advance, other than the fact that the milre is steadily improving its position. There is a fairly general impression that Brazilian at current market levels is a good buy. The company is in a position of satisfactory stability and it is only a matter of time before the company will be in a position to pay dividends. The investor knows that when dividends are again resumed the stock will be due for a very substantial rise, and he is preparing for this emergency by buying early. A prospect of a hold for an indefinite period before the anticipated profits materialize does not daunt him, and Brazilian stock is accumulating in the strong boxes.

Duluth-Superior.

Passenger earnings of the Duluth-Superior Traction Company for the first week of January totalled $33,806, as compared with $34,599 for the corresponding period in 1921, a decrease of $793 or 2.3 per cent.

COPELAND FLOUR MILLS

Stock Offering of Midland Industry Being Sold

The unsold balance of an issue of $600,000, 8 per cent. preferred stock of the Copeland Flour Mills, Ltd., is being offered by the Bankers Bond Co., of Toronto. The stock will be sold at $100 per share and will carry a bonus of 30 per cent. in common. The capitalization of the company is $1,000,000 preferred, of which $600,-000 only is to be issued, and $1,000,-000 common, with $800,000 issued. The company was incorporated in 1920, for the purpose of carrying on a general milling business and has erected a large mill at Midland, Ont. The company is closely allied with the Midland Elevator Co., and is operated in connection with the Great Lakes Transportation Co. The mill is designed for an ultimate capacity of 1,300 barrels of flour per day. The directors are as follows: James Playfair, D. S. Pratt, D. L. White, A. E. Copeland and F. W. Grant.

RESERVE NOW IN EXCESS OF CAPITAL

Toronto Mortgage Company Has Attained a Very Strong Position

While the net profits of the Toronto Mortgage Company showed some decline from the level established last year they were higher than for 1919 and several previous years. The total of $91,396 compared with $93,385 for 1920 and $93,385 for 1919. Dividends at nine per cent. took $65,209 and $25,00 was added to reserve which is now slightly larger than the paid up capital; the balance is $38,774. Following are comparative figures:

	1921	1920	1919
Bal. forward	$ 37,588	$ 39,412	$ 39,449
Net profits.	91,396	93,385	90,173
*Prov. for loss	.....	.....	25,000
	$128,984	$132,797	$154,622
Distribution—			
Dividends .	$ 65,209	$ 65,209	$ 65,209
Reserves ..	25,000	30,000	50,000
Balance ...	38,774	37,588	39,412
	$128,984	$132,797	$154,622

*Prior provision for losses not now required.

Following is a summary of the company's earnings record for five years:

Year	Paid-up Capital	Net Profits	Div.	% on Cap.	Earn. Rate
1921...	$724,550	$91,396	9	12.6	6.4
1920...	724,550	93,385	9	12.9	6.7
1919...	724,550	90,172	8	12.5	6.7
1918...	724,550	89,542	8	12.4	6.6
1917...	724,550	90,824	8	12.6	6.9

The balance sheet shows capital paid up of $724,550 while the reserve is now $725,000. Continued favorable earnings may, therefore, be expected to influence the company's dividend policy, although the management has always been conservative in its affairs.

Liabilities to the public of $1,663,-154 showed a reduction of only about $25,000 showing how well sterling debentures, currency debentures and deposits were maintained. Total assets showed practically no change. Holdings of municipal and school debentures and of cash were increased moderately to meet the contraction on loans on mortgages and on stocks and bonds.

PROFIT MAINTAINED BY CENTRAL CANADA

Debentures Showed Increase But Savings Deposits Were Lower

Considering the conditions which have prevailed the fact that the profits of the Central Canada Loan and Savings Company were well maintained during 1921 should be gratifying to the shareholders. The net figures stood at $211,921, compared with $212,348 for the previous year and $210,822 for 1919. Dividends of ten per cent. were paid as in previous years with the exception of 1920, when there was a special distribution of additional 3 per cent. Following are comparative figures from the profit and loss account:

	1921	1920	1919
Bal. forward	$103,470	$124,208	$ 92,074
Net profits.	211,921	212,348	210,822
	$315,391	$336,551	$302,896
Dividends .	175,000	227,500	175,000
Patriotic ..	3,385	5,581	3,693
Taxes	8,673	.....	.....
Balance ...	128,332	103,470	124,203
	$315,391	$336,551	$302,896

The following summary shows the company's earnings record for the past seven years:

Year	Paid-up Capital	Profits	% Div.	Pfts. Cap.	Earn. Rate
1921..	$1,750,000	$211,921	10	12.1	5.8
1920..	1,750,000	212,348	10+3	12.1	5.8
1919..	1,750,000	210,822	10	12.0	5.9
1918..	1,750,000	203,035	10	11.9	5.8
1917..	1,750,000	201,761	10	11.8	5.7
1916..	1,750,000	221,571	10	12.7	6.3
1915..	1,750,000	214,052	10	12.2	6.0

Total assets showed some contraction, from $7, 544,178 to $7,319,190, as the result of a reduction in deposits from $2,194,835 to $1,653,704 and the withdrawal of a government deposit of $250,000. However, there was a very satisfactory increase in debentures from $1,452,122 to $1,993,-403. Loans on mortgage and bonds and stocks owned increased but there was a reduction in loans on bonds and stocks; cash holdings were also somewhat lower.

BANQUE d'HOCHELAGA

The forty-seventh annual meeting of the Shareholders of "La Banque d'Hochelaga" was held Monday, the 16th instant, at twelve o'clock, at the head office of the Bank, Montreal. Mr. J. A. Vaillancourt, the President of the Bank, took the chair, and Mr. Beaudry Leman, the General Manager, was asked to act as secretary of the meeting.

After the report had been read, the President requested the General Manager to address the Shareholders.

The "Profit and Loss Account" shows net results of $630,902. for the year ending November 30th, 1921, while the corresponding figures for 1920 and 1919 were $649,-739 and $611,105 respectively. The net profits for 1921 are equal to 15¾% of the paid up capital as compared with 16¼% for 1920 and 15¼% for 1919.

A comparison of the Balance Sheets for the last three years shows the following changes: The total of Notes of the Bank in circulation, which was $7,936,000 in 1919 and $7,167,000 in 1920, amounts to $6,507,000 for 1921. This gradual reduction is an indication of lessened activity and contraction in business.

The deposits, which amounted to $50,574,000 in 1919 and to $56,-276,000 in 1920, total $55,150,000 in 1921. These figures show a remarkable stability and it is gratifying to note that thrift holds a place of honor in the minds of our fellow-countrymen of the Province of Quebec, where the major portion of our business is carried on. The liquid assets, which amounted to $29,315,000 in 1920, show a total of $28,853,000 for 1921. This slight decrease is more than counterbalanced however, by an increase of almost $1,000,000 in our loans to municipalities and school corporations, which total $3,390,000 for 1921, as compared with $2,403,000 in 1920. Our current loans, amounting to $39,654,000, show a diminution of $849,251 as compared with the figures for 1920 and we take this opportunity of drawing your attention to the fact that our loans have been very carefully revised and examined at different times during the past year and that, in addition to absorbing the vision for unforeseen contingencies, We have practised the policy we preached to our clients—that of conserving their resources and creating adequate reserves which would enable them to face without embarrassment the period of depression which was bound to occur sooner or later. Our current loans are distributed with discrimination between the farmers, merchants, manufacturers and financiers, so as to aid the divers forms of the economic activity of our country and of our province, without incurring the risk of being adversely affected by a slump in any particular direction. Moreover, we have always refused, and more particularly during the last two years, to let ourselves be persuaded to grant credits based on the high prices then prevailing. We have always kept in mind the normal prices of pre-war times and you are no doubt aware of the criticism to which we were often subjected on account of our so-called excessive caution and conservatism. We now have the legitimate satisfaction of realizing that we have not only safeguarded the interests of the Bank but have also protected those of our clients who, influenced by the atmosphere of excessive optimism, would have taken abnormal risks and sustained corresponding losses. It may not be inopportune to direct your attention to the methods adopted by the Bank to surround its loans with all possible safeguards. All credits granted by the Bank are placed before your Directors for examination and confirmation and all important demands receive their previous consideration and authorization. In addition to the constant supervision of our Controllers' Department all advances are carefully analyzed by our Inspectors, whose reports are placed before your Directors. The Auditors appointed each year by the Shareholders, and whose qualifications are unquestionable, maintain throughout the year their respective representatives whose duty it is to scrutinize all items of our assets. They do not satisfy themselves with the counting of money, the verification of securities and the checking of the figures appearing on the statements submitted to you but they examine our loan accounts to ascertain that the guarantees held are sufficient and that the financial standing of the clients warrant the advances made. In the course of the last year, as in the past, Mr. S. Roger Mitchell of the firm of Marwick, Mitchell and Co., and Mr. George Gonthier of the firm of Gonthier and Midgley, passed upon all our loans of $5,000, and upwards at all our branches except Montreal Office where all accounts of $10,000 and upwards were scrutinized. The above will indicate that this very important item of our assets is under constant supervision and receives the vigilant attention of the Bank.

Our total assets amount to $75,-956,846, as compared with $75,-693,000 for 1920, $71,517,806 for 1919 and $34,500,000 for 1915. These figures will tell you much better than words that the Banque d'Hochelaga has progressed steadily, continuously and sanely.

The Bank has opened seven new branches during 1921, as follows:

Province of Quebec

Montreal: 2845 Dandurand Boulevard: 2179 St. James St. West; and 363 St. Catherine St. West. Warwick; Asbestos; St. Félicien and St. Georges de Beauce.

Ten sub-agencies have been converted into regular branches, as follows:

Notre Dame de Lachine; Notre-Dame des Victoires; Cap de la Madeleine; Chateauguay Village; Daaquam; Lorrainville; North Temiscamingue; Privat and Ste. Emélie de l'Energie, in the Province of Quebec and Notre-Dame de Lourdes in the Province of Manitoba.

Every branch of the Bank was inspected during the financial year just ended.

Your Directors wish to express their appreciation of the loyalty and the zeal manifested by the officers and employees of the Bank and to acknowledge that their work and co-operation have large contributed in maintaining the Bank's affairs on a solid and prosperous basis. In order to protect its employees and their dependents the Bank has appropriated from its profits each year a substantial sum of money which was deposited to the credit of the Bank's Pension Fund. The amounts deposited in this Pension Fund each year now form a total of over $250,000, which sum has been invested in high class securities and entrusted to "La Société de la Caisse de Retraite de la Banque d'Hochelaga." The object of this Society, which was established in accordance with Chapter 123 of the Revised Statutes of Canada, 1906, is to provide for the operation of a "Pension Fund" for the Bank's employees and a system of group insurance on their lives. The Board of Directors of the Society comprises the President, Vice-President, General Manager and Chief Inspector of the Bank, with three members of the Society, chosen at the annual general meeting. The Board of Directors of the Society may, at its discretion, grant a pension to a member of the Society who has been in the Bank's service for a number of years considered sufficient to justify, in its estimation, the payment of such a pension. The term, the amount and the mode of payment of the pension are fixed by the Board of Directors of the Society with the approbation and assent of the Board of Directors of the Bank. Group insurance on the lives of all the employees who have been in the Bank's service for at least three years, has been taken out by the Society and the employees have been divided in four classes, according to their salaries. Class "A" comprises the employees receiving a salary of less than $1,-000; Class "B" those receiving $1,000 or more, but less than $2,-000; Class "C" those receiving $2,000 or more but less than $3,-000; and Class "D" those receiving $3,000 or over. The amount of insurance on the life of each employee varies according to the class to which he belongs and his years of service. An employee who has been in the Bank's service for twenty years, receiving a salary of less than $2,000 per year, would be entitled to $5,000 insurance; and employees whose salary was more than $2,000 but less than $3,000 would be entitled after twenty years' service to $5,-900 and after twenty-five years' service to $7,500; and an employee whose salary was $3,000 would be entitled to $7,000, after twenty years' service; to $8,500, after twenty-five years' service and to This scale takes into consideration $10,000 after thirty years' service. the value of the employee's services and the number of years which he has devoted to the Bank. "La Société de la Caisse de Retraite de la Banque d'Hochelaga" does not exact any contribution from its members, the revenue being derived from the contributions of the Bank and the interest on its investments.

It has been a source of much gratification to your Directors to note that a good number of the Bank's employees are taking advantage of the educational facilities which are afforded them gratuitously. We shall encourage, as in the past, those employees who are desirous of becoming more competent and better equipped to do justice to the banking career they have chosen and which offers excellent opportunities to those who are qualified. The courses organized by the School of Higher Commercial Studies and the lectures on "Banking Operations" to which the Chief of our Legal Department, Mr. Guimont, has generously devoted so much of his leisure, deserve to be more widely known and to be followed by a much larger number of young men who are directing their activities towards Banking, Industry, Commerce and Finance.

Those amongst our shareholders who have occasion to come to the heart of the financial district of Montreal have doubtless noticed that important alterations are being made to the building which we purchased some years ago, which shelters us today and which, we trust, will witness the expansion and prosperity of our institution. These alterations, which will enable us to concentrate under one roof the Head Office of our Bank and its most important Branch, the Montreal office, were imperative, as the increased volume of our business over-taxed our facilities and prevented our staff from giving to our clientele as rapid and satisfactory service as we desired. We owed it to our clients to take the necessary steps to mark our appreciation of the confidence and loyalty they have shown us; we owed it to our staff to make their working conditions such that they could give us efficient service without impairing their health; and lastly, we owed it to our Bank to house it in a building, which, while not luxurious or ostentatious, would be worthy of the position it occupies among the financial institutions of our City and of our Country. The alterations under way will be completed in the course of the ensuing year and in addition to better service we will offer our clients spacious vaults in which may be deposited their securities under the best possible conditions of safety and convenience.

Apart from questions which interest the Bank exclusively, it is perhaps an opportune time to submit a few remarks on general conditions as they appear to us. Unlike many people, who are only now beginning to realize the necessity of reducing their expenses and of determining their position in regard to existing conditions, we were apprehensive two years ago. Inversely, we now look forward to the future with more confidence and we have a greater feeling of security as regards business conditions than we had at the time when as a result of the widespread inflation of prices of all commodities, our whole economic situation was unstable. When one considers the present prices of cereals, butter, cheese, lumber, pulp, paper, leather, rubber, cotton, wool and of foodstuffs in general as well as of raw materials used in our manufactures, one realizes that the risks involved in relation to these products are considerably lessened. We are agreeably surprised to see that the important readjustments which have been taking place have caused no greater disturbance in business, and this strengthens our unshaken confidence in our Country and in our Province. The present lower prices and the contraction in the volume of business appear to surprise a considerable number of people, but history shows that these phenomena have repeated themselves regularly for centuries past. Lower prices have always followed high prices as winter succeeds summer. Any treatise on Political Economy will show that periods of great commercial and industrial activity have alternated with periods of depression and general contraction. Since Biblical times the Years of Plenty have been followed by Lean Years and then, as in modern days, the adverse effects of severe reactions have been mitigated by the exercise of judicious foresight. Is it not strange that a general feeling of optimism should have prevailed at the very time when almost all the countries of the world were engaged in the most frightful destruction of life and property in history, while a certain amount of pessimism is evinced precisely at the time when people everywhere are devoting their energies to reconstruction and when the persistent efforts of statesmen are succeeding in re-establishing friendly relations between the nations of the world, which will do much to bring about activity in international business, which is essential to general prosperity. Let us give due credit to the United States for the noble effort which it has fostered, and which has been heartily seconded by the other great nations, to lessen the heavy burdens incident upon ever increasing expenditure for military and naval armaments.

The foregoing remarks would be incomplete if no mention were made to the general trend of affairs in our Country and in our Province. Turning to our Foreign Trade, our imports and exports for the past three years, ending November 30th, compared as follows:

Imports

1919	$ 920.082.927
1920	$1.345.592.300
1921	$ 825,226,585

Exports

1919	$1.251.004.840
1920	$1,289.536.450
1921	$ 880,458,548

These figures indicate material improvement, as the decrease of $409.000.000 in our exports is more than compensated by a decrease of $520,000 000 in our imports, our trade balance showing an improvement of $111,000,000 for the year and our exports exceeding our imports by $55,000.000. This improvement has taken place in spite of the tariff barriers raised by the United States, through the Fordney Bill, against our agricultural products. Our trade with the United States for the past three years, ending November 30th, is also of interest, the figures being as follows:

Imports from the United States

1919	$725.968 653
1920	$927,161.232
1921	$579.427.941

Exports to the United States

1919	$443,416.125
1920	$545 304.199
1921	$359,016.167

These figures show that while our imports from the United States exceeded our exports to them by $382,000,000 in 1920, this adverse balance has been reduced to $220,000,000 in 1921. It is evident from these facts that our efforts should be directed towards reducing our foreign purchases, which in 1921 amounted to $94,-000,000 for coal; to $67,000,000 for cotton; to $113,000,000 for iron and steel; to $20,000,000 for silks; to $60,000,000 for sugar; to $11,-000,000 for tobacco; to $20,600,000 for automobiles and other vehicles; to $18,800,000 for wood, and to $32,000,000 for woollens,—and increasing our most important exports, which for 1921 were made up as follows:

Cheese	$27,830,000
Fish	$31,115,000
Furs	$12,272,000
Oats	$16,720,000
Wheat	$247,210,000
Meat	$35,000,000
Iron and steel........	$27,657,000
Paper	$78,000,000
Flour	$62,197,000
Wood	$76,455,000
Pulp	$34,799,000

Our Exchange with the United States has improved very noticeably in the last few months, due to the decrease in our imports and the absorption by American financiers of Canadian securities estimated at $200,000,000. This exodus of our best Municipal and Government Bonds is not an unmixed blessing, as, while it tends to facilitate our purchases of indispensable products, such as anthracite and cotton, by reducing the rate of exchange, it increases our foreign indebtedness and therefore constitutes but temporary relief. We should repeat after the Prime Minister of England: Happy are the nations whose public and private debts are carried by their own countrymen.

Let us now examine, if you will, the situation in the good old Province of Quebec, availing ourselves of the inexhaustible source of information gathered by Mr. C. E. Marquis, in charge of the Statistical Department of the Province. We must admit that Nature was unkind to our Province during 1921, while general conditions superimposed on a lesser production a reduced consumption, with the inevitable result of lower prices. The total value of the 1921 crop is estimated at $192,773,000, as against an estimated value of about $300,000,000 in 1920. No one regrets more than we do this setback to our great national industry, and no one has more sympathy for the patient and arduous toil of our farmers who have not received a remuneration commensurate with their work and whose purchasing power of manufactured goods has consequently been considerably reduced. Nevertheless we must not lose sight of two facts which appear important: the first is that the total value of the 1921 crop is still $93,000,000 above that of 1914, and that our farmers have had the foresight to economize during the years of prosperity and these savings will tide them over until bountiful crops are again harvested. Other branches of activity in Quebec, which help to swell the bank accounts of its citizens have been also adversely affected by the contraction of business in Canada and elsewhere. The wood, paper and pulp industries have suffered from a restricted market, although certain of them were fortunate enough to have entered into contracts which assured the sale of their products at particularly advantageous prices. The general situation has improved materially within the last few weeks and some of the mills, which had to be closed because of lack of orders, have resumed operations or are about to do so. The forests of Quebec form one of its valuable assets, which must neither be overestimated nor underestimated at short intervals. Tomorrow as well as yesterday we can advantageously dispose of the products of our forests to the United States, to Great Britain and to France and as soon as certain accumulations of stock have been exhausted the market will undoubtedly improve. We already notice material improvement and the curtailment of forestry operations this winter will undoubtedly facilitate the disposal of our wood supplies.

Canada, like most other countries, is recovering from a grave illness, into which entered the many complications incident upon a war without precedent, and our strength, like that of other nations, has been overtaxed. Our body, politic, social and economic, has been weakened by this intense fever and excessive expenditure of energy. A rest was inevitable, it was necessary, one might even say that it was desirable. For our part, we feel confident that Canada has reached the convalescent stage, and we believe that complete recovery will speedily develop, because our country is young, its vitality is intense, its energies are unimpaired and its constitution is robust. If we have faith in ourselves, if we face the obstacles in our way without weakness or bravado, if we bear in mind that the most effective remedies for our ills lie within ourselves and our country, and if, finally, we adopt as our motto and watchwords "work" and "economy" we may hope that before the year 1922 has elapsed our country will have resumed its march towards progress and prosperity.

Confidence in Situation Feature at Annual Meeting of Royal Bank of Canada

Sir Herbert Holt, President, points out that Canada, after accepting every obligation arising out of the conflict, is stronger materially than before the war.

Edson L. Pease, Vice-President and Managing Director, draws attention to helpful part played by banks during period of exceptional stress. Business demoralization averted in Canada by banks.

C. E. Neill, General Manager, draws attention to thoroughness of Bank audit. Every credit in excess of $25,000 must be approved by President and Board of Directors.

The Annual General Meeting of the Shareholders was held at the Head Office of the Bank in Montreal. Sir Herbert S. Holt in the chair.

Mr. S. D. Boak acted as Secretary of the Meeting and Messrs. A. Haig Sims and Alex. Paterson as Scrutineers.

THE GENERAL MANAGER

The General Manager, Mr. C. E. Neill, referred to the Annual Statement as follows:—

The Balance Sheet of the Bank for the year ending November 30th last, submitted to you to-day, shows a reduction in figures indicative of the deflation which has taken place in Canada and other countries where we have branches. In common with other banks, especially those conducting international business, deposits have decreased, and on account of lessened activity in trade and commerce of all descriptions, our circulation is considerably less than it was a year ago. There has also been a substantial reduction in current loans, due to the drop in the price of commodities and the relative smaller volume of business.

Repayment of obligations by the Imperial Government has resulted in a reduction of over $12,000,000 in our holdings of securities under the heading "Canadian Municipal and British, Foreign and Colonial Public Securities other than Canadian." This decrease, however has been offset by an increase of approximately the same amount in our holdings of securities issued by the Federal and Provincial Governments of Canada.

Your attention is drawn to the strong liquid position which has been maintained, especially in cash. Liquid assets are 48.61 per cent. of liabilities to the public, and actual cash on hand and amounts on deposit in banks is 29.69 per cent. of our total liabilities.

The final payments on account of the last issue of capital stock have been made during the year, and our capital now stands at $20,400,000.00.

An addition of $132,995.00 has been made to the Reserve Fund out of profits, and the reserve now equals the capital.

Notwithstanding the lessened activity in business, earnings have been well maintained, net profits being $4,037,836.49, equal to 19.88 per cent. on the capital of the bank.

The usual dividends and an additional bonus of two per cent. have been paid to the shareholders, and $358,116.78 has been added to Profit and Loss Account, which now stands at $905,044.98.

I wish particularly to draw your attention to the fact that full provision has been made for all bad debts, and that, in addition, adequate amounts have been set aside to provide for any accounts which may be considered in the doubtful class.

THE PRESIDENT'S ADDRESS

Sir Herbert S. Holt, Chairman, in moving the adoption of the Directors' Report, said:

I first desire to emphasize the General Manager's statement that all bad and doubtful debts have been fully provided for. Usually the profits of the year are ample to provide for all bad and doubtful debts. Should they not be sufficient, we have a contingent fund, independent of the surplus fund, accumulated during prosperous years, to fall back upon. I have further to say that the Managing Director, the General Manager and Executive Officers of the Bank are officials of long experience and proved ability, and that the affairs of the Bank receive the unremitting attention of myself and your Directors. I have no hesitation in stating that, in my opinion, the organization and system of supervision in this Bank are unexcelled

The year 1921 will long be remembered as a period of drastic deflation and liquidation throughout the whole world, the aftermath of the war. This deflation was under way when we last met. While it is not yet ended, each month brings us a nearer approach to normal. The heavy decline in the price of commodities and check in public buying found many of our manufacturers and merchants in the possession of large unsalable stocks purchased at boom prices. Obviously the transition to more normal values was attended by much loss. The fact, however, that there were one thousand fewer failures in Canada in 1921 than in 1915 may be attributed to the abnormal profits accumulated during the war.

The fall in prices necessarily greatly curtailed the volume of credit, and is largely responsible for the contraction in the aggregate of the balance sheet totals of the banks.

There has been a heavy decline in the price of wheat, Canada's chief staple and mainstay. The cash return to farmers for the last crop will be much less than that of the preceding year, although the crop itself was a larger one. As a result our Western farmers have fared badly, and have been unable to liquidate their obligations satisfactorily. Their reduced purchasing power must have its effect on general business. The remedy lies in a drastic scaling down of the present costs of production and distribution. In these costs, wages of labor play a great part. The price of labor is still higher in Canada than it is in the United States.

Economy Strongly Urged

Economy in management and operation is one of the great needs of the present time. If prices of commodities are not to rise to any extent, but are, as many think, to experience a slow decline over a period of years, profits can only be maintained by increased economy and efficiency in management.

These remarks on economy have special force in their application to our Governments, Federal, Provincial and Municipal. Many Governments and Municipalities are tempted by the facility in disposing of their securities during a cheap money period, such as they are entering upon in the United States, to engage in undertakings which are justified neither by their population nor their financial position. Thus there is a heavy drain on the country for tax payments, a great part of which are remitted abroad in the shape of interest on foreign borrowings.

Our foreign trade for the twelve months ending November 30th shows a large decrease in total values, due in great part to falling prices. While we have received a smaller return from our exports we have paid less for our imports and the measure of progress is a trade balance in our favor of $55,000,000. We are advancing in the right direction, but a greater effort is imperative. We must bring our favorable balance to a point equal to the interest on our foreign indebtedness. Until we accomplish this our borrowings abroad will continue. By the development of our coal areas, by improved methods of industrial production, above all by a wider utilization of our water powers, must we labor to restrict our imports. For the expansion of our exports, the speedy settlement of our farm lands is the great need, and immigration should be stimulated. Yet, we should take warning by the experience of our neighbors and admit only those who are desirable. Let us follow the motto of Australia, "You are welcome if you are the man we want."

Conference Lends Hope to Outlook

Until recently the world outlook was one of gloom and discouragement, but the Conference at Washington has given rise to a growing hope. Not only has it struck at the root of past trouble and future danger by the limitation of armaments, but it has shown how speedily and satisfactorily international problems can be settled where there is desire and good will. With the disarmament question and the Far Eastern questions successfully ended, it is to be hoped that an international economic conference will follow. The great bar to an immediate improvement in the general situation is the financial chaos in Europe. Heavy war debts, budget deficits, reckless issues of paper currency and extravagant public expenditure have demoralized credit, disorganized exchanges, and seriously impaired trade relations between nations. There can be no return to prosperous times until the credit of distressed nations is restored and exchange is in some way stabilized. The United States is Europe's chief creditor, and as the holder of the major portion of the world's gold, holds the key to the situation. That our vigorous neighbor will follow the centuries-old policy of China, and live within herself, as has been suggested, is unthinkable. We feel sure that she is more likely to follow the course adopted by Great Britain when she was the great creditor nation, and send her money to every part of the world where it can be safely and profitably employed.

Canada, after accepting every obligation arising out of the conflict, is stronger materially than before the war. We have our debt and our railway and shipping problems, all of which will tax the wisdom of our statesmen, but on the other side of the scale we must place the growth of towns and cities, industrial expansion, the increase in savings, and the fact that most of our bonds are held in the Dominion. Compared with conditions in Europe, we are fortunate indeed.

In conclusion I wish to say that the scope and character of the existing depression in world trade forbid us to hope for an early or easy return to prosperity, yet I do not think we in Canada need feel any great apprehension as to the future. The unprecedented decline in prices, which was the worst feature of the last year and a half, can hardly be repeated. I trust that the period immediately before us will be one of salutary economy both in public and private life, the best preparation for renewed prosperity.

THE VICE-PRESIDENT

Mr. E. L. Pease, Vice-President and Managing Director, in seconding the motion for the adoption of the Directors' Report, spoke as follows:

The year just ended has proved a very trying one for the commercial community and for the banks. Never before have we been confronted at home and abroad with so many difficult problems and such adverse conditions. The rapid and severe recession in the prices of all commodities and the lack of purchasing power involved heavy losses in inventories and a great shrinkage of domestic and international trade.

The price recession has caused a decline in the productivity of all manufacturing industries and a consequent fall in profits, so much so that taxation has become a serious burden, accentuating our need for a larger population among whom it could be shared.

In this period of exceptional stress the banks played a most helpful part. How important may be judged from the fact that business demoralization which occurred in every other country was averted in Canada. This may be regarded as one of the greatest achievements of the Canadian banks.

In circumstances so unfavorable, I am sure we have fulfilled the highest expectations of our Shareholders in showing profits nearly equal to those of the previous year; by maintaining our dividend and bonus, and by meeting you with strength unimpaired.

Readjustment of Values

In the case of farmers the readjustment of values is complete. They have been compelled to accept a lower net return for their products than before the war. The reduction in manufactured goods has been less drastic. General wholesale prices, although 36 per cent. below the high price reached in 1920, are still 68 per cent. above 1914 levels. In the end production costs and selling prices must come down to the buying power of the farmers. The sooner this is effected, the sooner business will revive.

The movement of the Western wheat crop has been rapid. Between September 1st and December 30th, 175,000,000 bushels were delivered at country points, representing an increase over the previous year of 24,000,000 bushels, while shipments east from Port Arthur and Fort William amounted to 117,000,000 bushels, which compared with shipments in 1920 of 88,000,000.

The Dominion Government's revised estimate of the 1921 wheat crop places the yield for Canada at 329,000,000 bushels. This estimate should bring Canada close to first place among the wheat exporting countries of the world. It is interesting to note from the latest figures published by the Dominion Bureau of Statistics that this large crop is valued at only $283,000,000 as compared with a value of $427,000,000 placed on a considerably smaller crop the previous year The total value of field crops of 1921 is given as $986,000,000, a reduction of $469,000,000 from the final estimates of the previous year. Since our prosperity depends on a constant increase in the output of farm products, it is gratifying to note that in spite of hard times in the West, no substantial reduction is expected in the acreage which will be sown to wheat this year.

A blow to our export trade was the imposition six months ago of the Fordney Emergency Tariff. Since the Act became effective the total value of the agricultural products shipped from Canada to the United States has shrunk from $98,455,000 over the corresponding period of 1920 to $25,928,000. To sell our surplus we are now dependent upon financially demoralized Europe and are seeking new markets in the East. In spite of these unfavorable factors, we show a favorable balance in trade, amounting to $55,000,000, instead of the unfavorable balance of $56,000,000 which accrued during the twelve months ending November, 1920. Our excess of imports from the United States has been reduced from $382,000,000 in 1920, to $220,000,000 in 1921.

Course of Exchange

The change in world conditions during the past twelve months may be fairly measured by the course of exchange. All the nations of Western Europe have improved their monetary position, but, with the notable exception of Switzerland, the paper currencies of the Central and Eastern countries continue to depreciate. The German mark, the Austrian crown and the Russian rouble approach the vanishing point. In the Far East there has been no great change. The currency of Japan still hovers around parity. Throughout South America there has been a heavy fall. The premium on American funds in Canada has declined during the year from 15 per cent. to 5½ per cent. at this date, due to our more moderate purchases and loans made in the United States.

A movement which should have the hearty approval of Canadians is the proposed conference of the wheat exporting countries of the world to consider the problem of marketing grain. Correspondence has already passed between the Royal Canadian Grain Commission and the Governments of the United States and the Commonwealth of Australia, and it is hoped that the result will be the establishment of some international organization which will assist in regulating the marketing of crops and eliminating violent fluctuations in prices.

Cuba's Many Advantages

While Cuba suffered through the collapse in the price of sugar, I have no misgivings regarding her future prosperity. She was prosperous before the war when sugar ruled about 2c a pound. She has demonstrated in the past her ability to produce sugar at a cheaper rate than any other country. She enjoys the natural advantages of soil and climate and possesses the most modern sugar mill installation in the world. A great advantage is her proximity to the American market. The country has neither currency problems nor railway deficits to retard her recuperation, and only a small war debt to the United States of $10,000,000, on which she is paying interest.

In keeping our doors open at all times, and under circumstances that compelled the Government of Cuba to declare a moratorium, which ultimately resulted in the suspension of three local joint stock banks and several private banks, we have justified the confidence of our Cuban customers and added to Canada's prestige throughout the islands of the Caribbean.

The year's business of our branches in South America, which were not established until after the boom, has been highly satisfactory and free from loss. The quality of the business we accept is exceptionally high-class, consisting in great part of the purchase of bills of exchange representing produce exports under Bankers' Letters of Credit. A favorable feature is the wide distribution of risks for comparatively small amounts. Sharp declines in the exchanges of Brazil, Uruguay and Argentina were at the root of many of the difficulties which arose in the foreign trade of those countries. The losses occasioned fell in many cases on the shoulders of United States exporters, whose shipments were refused. This did not involve us in any way, but it gave our branches the opportunity of rendering signal service in the settlement of many of the disputes which work we have done in this connection.

Trade to West Indies

Already we are feeling the benefit of the new preferential Tariff Agreement with the British West Indies, and Canadian shipments of flour show a decided increase since the preference went into effect. The buying power of the Islands is still restricted, as prices for tropical products remain discouragingly low.

That England is alive to the economic possibilities of her West Indian Colonies is shown by her action in sending out a strong committee to enquire into the most effective means of developing these Islands.

It is to be hoped that the claims of British Guiana will not be overlooked in the development of Crown Colonies. An expenditure of twenty million pounds sterling has been authorized for public works of immediate importance to the Colonies, and loans amounting to six million pounds have already been raised for improvements in Ceylon and Nigeria. The construction of the long projected railway, through the interior of British Guiana to the border of Brazil, would not only render accessible Crown lands, rich in natural resources, but would indirectly benefit Canada, whose trade and interests in Britain's South American possession are steadily increasing.

Our Foreign Trade Department has had numerous enquiries directed to it on the subject of West Indian trade. It has been able to place many Canadian firms in touch with reliable houses in other countries. We find the trade information service which we are able to give is quite an attraction to the firms from other countries who are establishing plants in Canada with a view to doing business in the broad markets of the British Empire.

Helping Foreign Trade

A few months ago we published a very complete sketch of the banking operations arising from foreign business. This book, entitled "Financing Foreign Trade," was intended mainly for the information of our staff, but on request numerous copies have been sent to universities and business houses in Canada and abroad.

The business of our Paris Branch, conducted as a subsidiary under the title of "The Royal Bank of Canada (France)," is chiefly of an exchange character largely generated by our own branches in other parts of the world. The growth of the business has rendered it necessary to secure larger premises. We purchased when prices were abnormally low a very prominent site, but which we are prevented from occupying until certain leases expire. This subsidiary is proving a very useful and profitable connection of the Bank.

Our Barcelona Branch is also developing a satisfactory business. Unfortunately, the Spanish Government is antagonistic to foreign banks and has imposed very onerous taxes. We feel, however, that in view of the long-established trade relations between Spain and the West Indies we should continue this branch.

The outlook for the coming year is hopeful. It is generally believed that the worst of the depression is past and that a gradual improvement will set in. Canada's progress depends largely upon the satisfactory adjustment of international economic questions, as we are closely linked with the outside world.

AUDITORS

Mr. S. R. Mitchell, Mr. James G. Ross and Mr. W. Garth Thomson were appointed Auditors for the ensuing year.

THE STAFF

A vote of thanks was passed to the President, Vice-President and Directors; also to the General Manager and Staff. Several of the Shareholders expressed their appreciation of the manner in which the Directors and the Executive had dealt with the unusual developments of the year, and considered it was a matter of congratulation to find the Bank in such a strong position at the close of the fiscal year. In replying to the latter, Mr. C. E. Neill, General Manager, said:—

I particularly appreciate the opportunity of acknowledging on behalf of the staff this vote of thanks. It has been my privilege on previous occasions to draw to the attention of the Shareholders our very efficient organization. The loyalty and devotion of our officers to everything connected with its affairs constitutes one of the Bank's greatest assets. During the year 1921 all financial institutions had serious problems to face, and, as far as we are concerned, our ability to solve these problems was due to a great extent to the efficiency of our officials. Every Branch Manager, one might almost say every member of the staff, has been called upon to lend constructive co-operation to the business interests of the country. At all times they have given ungrudgingly of both their time and experience, to the advancement of the Bank's interests and, we hope and believe, to the benefit of our customers. We at Head Office are particularly conscious of the splendid esprit de corps that exists throughout the whole organization, and it is with the greatest possible pleasure that I shall take the earliest opportunity of conveying to every member of the staff the recognition of the Shareholders.

BOARD OF DIRECTORS

The following were elected Directorsfor the ensuing year:—

Sir Herbert S. Holt, K.B.	C. E. Neill
E. L. Pease	Sir Mortimer B. Davis, K.B.
Jas. Redmond	G. H. Duggan
G. R. Crowe	C. C. Blackadar
D. K. Elliott	J. T. Ross
Hon. W. H. Thorne	R. MacD. Paterson
Hugh Paton	W. H. McWilliams
A. J. Brown, K.C.	Capt. Wm. Robinson
W. J. Sheppard	A. McTavish Campbell
C. S Wilcox	Robt. Adair
A. E. Dyment	W. A. Black

Trade Summary

A special report on the trade and field crops of Canada shows as follows:

	1920	1921	Decrease
Value of field crops (Dec. 31).....	$ 1,455,244,000	$ 985,949,000	$ 459,292,000
Bank clearings (Dec. 31)..........	20,256,382,000	17,385,127,000	2,871,255,000
Note circulation (Nov. 30)..........	234,339,000	181,953,000	52,386,000
Chartered banks—Deposits (Nov. 30)	2,485,271,000	2,266,265,000	219,006,000
Chartered banks — Current loans (Nov. 30)	1,603,710,000	1,444,113,000	159,597,000
Exports — Merchandise (Nov. 30), 12 months	1,289,536,000	880,458,000	409,078,000
Imports — Merchandise Nov. 30), 12 months	1,345,592,000	825,226,000	520,366,000
Customs receipts (Nov. 30), 12 months	207,413,000	124,185,000	83,228,000

"Bank Audit Most Thorough; All Credits Must be Approved By President and Directors"

—C. E. Neill, General Manager, Royal Bank, at Annual Meeting.

THE strongest and most important statement ever presented, relative to the thoroughness of bank inspections by auditors and the policy of supervision of credits, was made by C. E. Neill, General Manager of The Royal Bank of Canada, at the annual meeting held at the Head Office.

Dealing with the general business of the Bank and the procedure followed by the auditors, Mr. Neill said to the shareholders:—

"I wish particularly to draw your attention to the fact that full provision has been made for all bad debts, and that in addition, adequate amounts have been set aside to provide for any accounts which may be considered in the doubtful class.

"In view of the discussions which have recently taken place regarding the obligation of auditors of banks appointed under the provisions of the Bank Act, it is proper that you should be informed that the auditors appointed by the shareholders of this bank not only certify to the correctness of the Balance Sheet, but they also approve of the value of the bank's assets as stated therein. The representatives of the auditors, who conduct their investigations of the bank's business throughout the entire year, have access to the statements, correspondence and inspection reports relative to all loans required, and their certification of our Balance Sheet is made only after a full examination of all credits granted to customers. In cases where there is any doubt as to the value of a debtor's account, the amount set aside by the bank to take care of any possible loss is approved by the auditors as being sufficient. Every facility is afforded them to examine each and every account in the bank, and they are encouraged to criticize and make the most detailed investigations of every debt due the bank, with the relative security.

"As an indication of how closely the President, Managing Director and Directors of this bank at Head Office control the affairs of the bank, I may tell you that every credit granted of $25,000 and over is approved by them, and there are no loans at any office of the bank to-day in excess of $25,000 which have not been approved by the Directors at Head Office. Moreover, committees of resident Directors of the bank at Toronto, Winnipeg, Halifax, Quebec and St. John supervise and recommend all loans in their respective districts and, in addition, are informed of all credits authorized in other districts."

HOLLINGER MOVES TO THE HIGHEST POINT ON RECORD

Outlook Bright for Gold Mining Companies of Northern Ontario

HANDICAPS REMOVED

Hollinger Has Paid $16,558,000 in Dividends in Ten Years—Operating on $11,000,000 Basis

The current upward swing in Hollinger to $8.00 a share, the highest quotation on record, arouses interest not only in the affairs of this company, but in the outlook of the mining industry in general. During and following the war Ontario's mines operated under severe handicaps—the scarcity and high price of labor, and the lack of adequate power, which condition however did not become acute until a year ago, when increasing supplies of labor placed the companies in the position of being able to extend their operations. Power facilities, affected by adverse weather conditions were inadequate to supply the increased demand. This situation has been largely remedied, however, and for the past nine months or so the mining companies have experienced steadily improving operating conditions.

Hollinger, one of the best known mines in the world, has responded very materially to the bettered conditions. The price advance has been maintained for more than a year in the nature of steady rise—and prediction is being freely made in mining circles that the end of the movement is not in sight, that Hollinger has so much mineral wealth that her productive capacity can not only be increased, but maintained for years to come at the higher output level. Through the steadiness of its dividend record Hollinger is placed at the top of the mining list as possessing many of those features which are nearest akin to those desired in a sound investment.

Gold Securities Active

Standard market activity of late, has largely centered around the gold securities. With steadily improving operating conditions, brought about by the abundant labor market and recent economies in operation the gold mines and especially Hollinger are working into a much more satisfactory position than during the war. There is an important feature too in the fact that the cost of living is steadily declining which gives gold, whose value never varies from the fixed rate of $20.67 per ounce, a greater purchasing power. Silver on the other hand has undergone wide fluctuation in price, and is now slowly recovering from a very profound reaction. The recovery has not yet reached a level which leaves a wide enough margin of profit for the silver operators, and production is still proceeding on a limited scale.

Hollinger has had a most interesting record. The original company was incorporated in 1910, and began operations in 1911. In that year the company's plant and equipment were destroyed by fire. The company, originally known as the Hollinger Gold Mines, was succeeded in 1916 by the Hollinger Consolidated Gold Mines, being a consolidation of the Hollinger, the Acme Gold Mines and the Millerton Gold Mines. The property consists of an almost triangular block of about 440 acres in the township of Tisdale, Ont.

The Dividend Record

The years of operation which lie behind may be said to be the development and construction stage, but nevertheless the company has a most satisfactory dividend record, and has distributed to its shareholders at the close of 1921 the sum of $16,588,000. The rate was maintained during the past year at 1 per cent. for each 28 days, or 13 disbursements for the year on a par value of $5. Production to date is approximately $50,000,000, and company reports indicate at least another $50,000,000 of ore in reserves. There are no official statistics on production for 1921 but it is understood that the company has established new records with output approaching $10,000,000 for the year. Operations were handicapped in the early months by the power shortage, but this situation has been improved, output has been rapidly extended, and is now proceeding on a $11,000,000 per annum basis. The company is planning the extension of productive capacity however, from 4,000 to 7,000 tons a day. The following table shows the record of Hollinger since operations were undertaken in 1911.

	Tons of ore Milled	Values Recovered	Dividends Paid
1911	1,000	$46,082	$270,000
1912	45,195	933,682	1,170,000
1913	140,131	2,488,022	1,170,000
1914	211,846	2,719,354	1,720,000
1915	441,236	4,205,901	3,126,000
1916	601,854	5,073,401	738,000
1917	508,139	4,261,938	1,230,000
1918	578,755	5,752,370	1,722,000
1919	711,882,6	722,266	2,214,000
1920	650,205	6,456,623	3,198,000
1921	......	....	....

CONSUMERS' GAS

The Stock Scarcely Affected by Cut in Rates—Down ½ Point

A cut in the price to Toronto consumers did not adversely affect the stock exchange. A decline of half a point from 75½ was the market's reception of the news. The company is permitted by statute to charge a rate which will allow it to keep its dividend rate at 10 per cent. and the current cut is the outcome of lower operating costs and steadily improving operating conditions. As a rate cut will therefore not affect the stability of the dividend the stock does not reflect the trend of prices for gas.

MEXICO BECOMES ONE OF PREMIER OIL PRODUCERS

Output Grows Steadily Since Production Seriously Undertaken in 1907

SITUATION IN U. S.

The history of oil development in Mexico is the central theme of an instructive booklet just issued on behalf of the L. D. Paz Oil Corporation and prepared by H. H. McCrae. An interesting sidelight on the scope and possibilities of this company, in which many Canadian stockholders are interested, is presented by James McEvoy, geogolist for the company, who points out that the properties of the La Paz Oil Corporation are situated in the state of Vera Cruz, Mexico. The oil lands consist of 37 parcels, some of which while separate lots, are adjoining, and the area of the whole amounts to about 5,022 acres. They are distributed throughout the different parts of the oil field from Topila in the north to Temapache in the south, a distance of 75 miles in a straight line.

Mexican oil is a comparatively new discovery, the industry having commenced there in earnest in 1907, whereas the first American oil company was founded in Pennsylvania in 1859, by Col. Drake, the pioneer oil man of the world. Development was rapid in Mexico, however, when the vast potentialities of this country were realized. Some of the largest "gushers" that the world has known have been struck in Mexico, the Potrero del Llano producing 125,000 barrels of crude oil a day, and a total of 100.000.000 barrels in its lifetime.

A comparison of satistics of oil production in Mexico, the United States and the world since 1901, indicates the almost phenomenal growth of this industry in Mexico. While in 1913 Mexico supplied but one-fifteenth of the world's supply oil, in 1920 it furnished nearly one-fourth. In 1901, Mexican production totalled 10.345 barrels, United States', 69.620.529, and the total world production 167,434.434 barrels. In 1920 Mexican production had increased to 163.540,000 barrels, United States, 443,402,000, and total 688.474.251 barrels. Some 300 wells operated in Mexico during 1920, producing an average of 1,800 barrels per day for each well.

Supply Under Requirements

The United States is recognized as the home of the oil industry of the world, but despite this fact the government and oil companies have taken alarm over the fact that the production from the wells of the United States has reached the point where it cannot keep pace with consumption. Since approximately May, 1916, the United States has been required to import oil from other countries, chiefly from Mexico. It is well known that Canada, despite her vast oil possibilities does not supply sufficient oil to supply her more limited requirements, and oil imports bulk large in the trade reports. The government of the United States has realized that the production of United States' wells has reached the peak or must do so within three to five years, and it is estimated that the whole of the discovered oil lands will be exhausted within seventeen years. This fact emphasizes the importance of the new oil fields, and of new discoveries and in this connection there is a hope that as yet undisclosed oil lands in Canada will be an important factor in supplying the world's demands.

The following table shows the world's production of crude petroleum in the year 1918, and for the period 1857-1918, by countries:

	1918 Barrels	Total prod. 1857-1918 Barrels
United States..	355,927,716	4,608,571,719
Mexico..	63.828,327	285,182,489
Russia	40,456,182	1,873,039,199
Dutch E. I.....	13,284,936	188,388,451
Roumania	8,730,235	151,408,611
India..	8,000,000	106,162,350
Persia	7,200,000	14,056,063
Galicia	5,591,620	154,051,273
Peru..	2,536,102	24,414,387
Japan & Form.	2,449,069	38,498,247
Trinidad	2,082,068	7,432,391
Egypt	2,079,750	4,848,436
Argentina	1,321,315	4,296,093
Germany	711,260	16,664,121
Canada	304,741	24,425,770
Venezuela	190,080	317,823
Italy	35,953	973,671
Cuba	....	19,167
Other countries	....	397,000
	514,729,354	7,503,147,138

ARGONAUT GOLD CO. TO BUILD NEW MILL

Working Out New Process to Cover Cost of Production of Ore

From Our Own Correspondent.

MONTREAL.—The directors of Argonaut Gold have decided to construct a 150-ton mill, with a final capacity of 300 tons a day, and a block of about 500,000 shares is being offered at 40 cents a share for the purpose of financing the cost of this equipment and for other development. This will make a total of $3,000,000 of stock outstanding. The decision to construct this mill was the result of favorable ore showing as low as the 510 foot level which the diamond drill had penetrated. Considerable development has taken place at the 350-foot level. The new mill will permit of an extensive production but the building was deferred until the ore turned out sufficiently promising.

The Argonaut mine is located in the Larder Lake mining district. Development work has been going on for several years past. In 1920 there was a production of $38,000, taken from the tunnel on vein 352. Work was continued throughout 1921 on the 200 and 350 foot-levels, but with the new mill production will be pushed. Some $670,000 has been spent on the properties up to the present, and a large proportion of this has been contributed, it is understood, by the president of the company, J. H. Rainville, K. C., ex-M.P., and his close associates.

The metallurgical treatment of the Argonaut ore will, it is announced, vary essentially from the treatment given the ores of the Porcupine and Kirkland Lake districts. The reason for this is that the ores of the Argonaut property carry very considerable amounts of copper in the shape of copper pyrites. All metallurgists familiar with the use of cyanide of potassium for the extraction of gold values from ores will readily see that the common practice of milling as applied in the Porcupine and Larder Lake districts will have to be modified materially before it can be applied to the ores coming from the Argonaut property. The treatment of these ores is now being specially studied by the consulting engineer of the property and a superintendent of the mine, and results THE FINANCIAL POST understands, indicate so far a very satisfactory solution of the problem. When the solution is found the revenue of the ore from the Argonaut mine will be increased by the probable production of at least 60 lbs. of pure copper per ton of ore milled, that is about 3 per cent. at a value of about $6 ton.

"In Unsettled Times"

the thoughts of men turn instinctively to the sound security of Life Insurance.

The first step to securing suitable and adequate Life Insurance is to obtain dependable information. Permit the Great-West Life to give you that information—by mail, if you wish, for leisurely consideration.

You will readily see the merits of the Great-West Policies. Inexpensive, profitable, liberal—these policies have appealed to over one hundred and twenty-five thousand persons as the best anywhere available.

The Great-West Life Assurance Co.

Dept. "G"

Head Office: Winnipeg

Ford
SALES AND SERVICE

An Open Letter

Ford, Ontario, January 7th, 1922

To All Ford Dealers and Service Garages

Service that will increase the confidence of Ford owners

DEAR SIRS:—

Service is the most vital factor in creating and maintaining the confidence and good will of the Ford Owner. A satisfied Ford Owner not only means a repeat sale but a strong force in effecting sales to others.

That is why, at the beginning of this New Year of 1922, we are taking this means of telling you our conception of Service that a purchaser of a Ford car, truck or tractor should receive from you.

The Purchaser should be able to obtain—

(a) A Genuine Ford Part or Parts, whenever required, at the fixed prices as set out in the Ford Price List. (This should be possible as every Ford Dealer is required to stock a sufficient number of Spare Parts for the requirements of his territory—and the blue and white Service sign, now so familiar to the Public, will guarantee to him that only Genuine Ford Parts are carried.)

(b) The putting of the part or parts in place by the dealer satisfactorily and at the minimum of cost. (The latest improved machinery, special labor-saving devices and highly trained mechanics in each Ford Garage should enable you to prove to the owner that the elimination of lost motions and the accuracy permitted by proper equipment save him dollars when the work is handled by you.)

(c) In the event of the Ford car not running to his satisfaction, service that will locate the trouble and remedy it quickly, effectively and at minimum cost to the Purchaser. (Since the Ford Motor Company of Canada, Limited has fixed the price for every repair operation, based on the shortest possible time in which that operation can be performed properly, and has established standardized prices to be charged, you can create a most favorable impression on the mind of the owner by telling him *in advance* what the cost will be.)

We are convinced that the continued close adherence of the dealer to this Service Policy will result in greater sales and steadily increasing confidence on the part of Ford Owners.

Yours truly,

Ford Motor Company
OF CANADA, LIMITED.

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MONEY BANKING AND EXCHANGE

CANADA'S NET DEBT DECLINES SOME $2,000,000

For December But Increase For Year Was $58,000,000

CUSTOMS STILL SLUMP

Changes From 40 Per Cent. of Total to 26 Per Cent.—Income Tax Saves Situation With $53,000,000 Gain

From Our Political Correspondent

The financial statement of the Dominion of Canada for December, permitting a comparison for the nine months of the new fiscal year up to December 31, hold out a few elements of encouragement in our position. The national debt at last shows signs of being capable of remaining under restraint as for the month of December it decreased from $2,368,787,146 of November 30, to $2,366,861,252, or a decline of $1,925,893. For the who.e year the debt shows an increase of $58,642,790, from $2,308,218,462 as at the end of December, 1920.

National Debt

	1921	1920
At Dec. 31..	$2,366,861,252	$2,308,218,462
Inc. in year	58,642,790	....
Debt Nov 31	2,368,787,146	....
Inc. for Dec.	1,925,893	....
NO 2 CANADAS		-.at7—

Percentage of Total Revenue

	1921	1920
Customs	26.2%	39.2%
Income Tax	24.7	5.7
Bus. Profits Tax ...	5.7	7.4
Inland Rev. Tax	19.1	16.7

Receipts, 9 Months to Dec 31

	1921	1920
Customs.	$77,174,599	$134,807,860
Excise	28,566,149	28,788,467
War Tax-Inland Revenue . . .	56,259,516	57,477,323
Bus. Prof. Tax.	16,934,714	25,723,276
Income Tax . .	72,636,727	19,736,286
Other War Tax Revenue . . .	1,528,599	1,148,081
Post Office . .	17,100,000	16,500,000
Other Revenue Accounts . .	23,151,056	23,743,628
Totals. . . .	$294,270,639	$344,354,675

Decline, 1921 over 1920, 15%.

December Receipts

	1921	1920
Customs	$8,565,970	$10,431,797
Excise	3,195,817	2,715,695
Inland Rev. . . .	6,671,890	8,509,960
Bus. Prof. Tax...	3,946,259	6,061,618
Income Tax... ..	2,050,778	10,593,296
Totals.	$28,549,328	$48,260,393

Receipts continue to show the variations over last year much along the lines referred to in dealing with the November figures. Customs returns which up to this year bulked most largeiy in receipts continue to show a sharp decline, making it much more difficult to hold revenues up. This, of course, is due to the drop in imports which in December amounted to $60,049,000 as compared with $85,849,000 for December 1920; or a decline of some $400,000,000 for the nine months to December 31. Customs duties for the nine months this year were only $77,174,599 as compared with $134,807,860 for 1920, a decline of $57,633,000 or 42½ per cent. For December alone customs duties declined from $10,431,797 to $8,565,970 or a little less than 18 per cent. This reduction in the decline only suggests that in a few months we will have reached the low levels of 1921 months for comparison, and therefore customs duties wi.l gradually show figures approximating those of 1921.

Fortunately the income tax came to our rescue, covering in its increase over last year nearly $53,000,000 of the $57,000,000 lost in customs. On the other hand the business profits tax declined nearly $9,000,000 leaving the relative position of the three as follows:

	1921	1920
Customs .	$ 77,174,599	$134,807,860
Bus. prof.	16,934,714	25,723,276
Income ..	72,636,727	19,736,286
Total ...	$166,746,340	$180,267,422

Reduction 1921 ....$13,521,082

Analyzing further, these figures it is seen that where in 1920 customs receipts were near.y 40 per cent. of the total revenue they are now only 26 per cent., while income tax rose from 5.7 to nearly 25 per cent. That is where one year ago customs receipts were seven times income tax they are very little more than even for 1921.

The business profits tax, as was to be expected showed a decline. Of a.l three, customs for 1922 may be expected to run a little below 1921 figures, but not much, a.though far below 1920, while income tax should hardly show a very heavy decline over 1921.

Expenditures For Nine Months

	1921	1920
Interest on pub. debt...	$106,515,529	$116,089,765
Sold. Civ. Re-es.	11,405,190	25,642,113
Total Admin. expend. . .	$241,553,465	$285,462,928
Capital exp. ...	$12,523,905	$32,270,316
Total exp.. ..	$254,077,370	$317,733,244

Decline, 1921 over 1920, 20%.

Coming to expenditures there is a considerable measure of comfort in a reduction in administrative expenditure for the nine months from $285,462,000 to $241,553,000. Capital expenditure is down by nearly $20,000,000, leaving a total decline of over $63,600,000, as follows:

Revenue and Expenditure

Nine mos. to Dec 31, 1921..	$294,270,639
Total revenue	254,077,370

Relatively, then, expenditures have declined 20 per cent, where revenues decreased 15 per cent., leaving a net improvement.

These figures do not take into account railway obligations up to Dec. 31, which are not yet available.

NOBLE RECEIVERSHIP WAS A FRIENDLY ONE

To Protect Merchants Bank for Funds Advanced to Finance Crop of 1921

In connection with the article appearing in THE FINANCIAL POST recent.y regarding the relations of the Merchants Bank and the Noble Foundation Company, C. S. Noble, president, writes to explain that the company "has not failed," but that the receivership created during the fall of 1920 was a "friendly" one. Mr. Noble says in part:

"In the fall of 1920, from the proceeds of our something over $600,000 crop, $300,000 of the then $590,000 credit was returned to the bank. The bank encouraged and ably supported us until conditions at that time made necessary the appointment by the court of a friendly receiver. The chief object of this appointment was to provide first for the return to the Merchants bank of any additional money furnished in the future by them for the 1921 farm operations.

This season, as well as the past three or four, has been unfavorable, but operating expenses have been made and all property and equipment kept in first class condition with 10,000 acres now seeded to winter crop.

Both bank and bondholders are satisfied with our position and our financial arrangements are complete for carrying on in the usual way. . . . Our temporary losses have by no means been entirely due to dry seasons, but from the fact that in very materially increasing acreage we had departed from the careful summerfallow methods that had always gotten us results in dry years prior to the war.

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EXCHANGE MARKETS

Year End Flurry Maintained And Consolidated

Exchange markets continue steady and firm. Gains acquired in the year-end flurry have been maintained and consolidated. Sterling fluctuated narrowly about $4.22½, while while francs were steady at slightly more than 12. New York funds were weaker at the close:

NEW YORK FUNDS

Jan. 12—Markets opened at 5 1-4, selling at 5 1-8, 5 1-2 and 5 5-16 to 5 7-16 at close.

Jan. 13—Opened at 5 3-4, weakening to 5 5-8 at close.

Jan. 14—Markets dull, funds selling at 5 11-16 to 5 1-2.

Jan. 16—Sales at 5 1-2, 5 3-8, 5 3-4, 5 9-16 to 5 11-16.

Jan. 17—Funds opened at 5 1-2, rallying to 5 5-8 and closing at 5 7-16 to 5 9-16.

Jan. 18—First sale at 5 5-8, later quotations at 5 3-8 and 5 1-2.

STERLING AND FRANCS

	Sterling		Francs	
	Demand	Cables	Demand	Cables
Jan. 12—	$4.22½	$4.23¼	12.06	12.04
Jan. 13—	4.22⅜	4.23⅛	11.62	11.60
Jan. 14—	4.22¾	4.23½	12.18	12.16
Jan. 16—	4.22¾	4.23½	12.09	12.07
Jan. 17—	4.22¼	4.23	12.15	12.13
Jan. 18—	4.22¼	4.23	12.24	12.22

BANK INCREASES CAPITAL $2,000,000

From $3,000,000 to $5,000,000 in Case of Banque Provinciale—Rapid Growth

From Our Own Correspondent.

MONTREAL.—Banque Provinciale de Canada is arranging to increase its capital from $3,000,000 to $5,000,000 and a new issue will be made shortly to the shareholders. This naturally will be on the basis of two shares for each 3 shares now held. The bank has made rapid progress in the last few years and its capitalization is being increased very rapidly. Paid up capital in 1919 was only $1,000,000 but later in the year this was increased to $2,000,000. In January, 1921, a further increase of $1,000,000 took p.ace making the total $3,000,000. Each of the two previous issues of $1,000,000 was considerably oversubscribed. The terms of the present issue have not yet been announced. The assets of the bank now exceed $45,000,000.

MONTREAL CLEARING HOUSE

At the annual meeting of the Montreal Clearing House held during the week, M. S. Bogert of the Dominion Bank was elected chairman and R. L. Ritchie of the Royal Bank was elected vice-president. The committee is composed of C. W. Dean, Bank of Montreal; H. W. Binning, Bank of Nova Scotia; H. B. Henwood, Bank of Toronto; F. D. Leduc, Bank of Hochelaga, and H. B. Walker, Bank of Commerce G. C. Hart continues as manager.

RESERVE BOARD SEES BETTER BUSINESS

Banking Situation Now Represents Reverse of That of Twelve Months Ago

"The banking situation at the close of 1921," the Federal Reserve Bulletin Review says, "represents practically the reverse of the situation which prevailed 12 months ago. At the beginning of the year note issues, deposits, and other elements in the portfolios of Federal Reserve banks were not far below the peak of expansion. Member banks also had begun to experience the backward movement of credit resulting from the decrease of business during the preceding year, but had not yet felt the results of this reaction in pronounced degree. The close of the year finds the portfolios of Federal Reserve bank, were the lowest point since 1918, the total bills held on December 28 amounting to $1,294,000,00,0 while note issues have shrunk during the year by about $900,000.000, being now approximately $2,400,000,000.

"The relative stability of prices during the last half of 1921 appears to indicate that at least a temporarily fixed price level has been reached," says the Review, "with the greater certainty resulting from that condition in business.

"The most encouraging feature of the business situation at the opening of the new year is the fact that a positive foundation has apparently been established upon which to build banking and business development during the year 1922. The policies to be pursued during the year 1922 should, therefore, be constructive in purpose rather than merely conservative and will probably show the results of this constructive quality in the form of proper enlargement of banking accommodation, greater ease and liberality in the money market and better prospects of business and economic development. The investment outlook already shows this tendency, in more ready response to the needs of industry for larger supplies on capital in lower interest charges, and in more active undertaking on new enterprises."

AUDITORS PROBE CLIENT'S STANDING

Statement on an Interesting Subject By The Banque d'Hochelaga

In the report of the directors of the Banque d'Hochelaga as presented to the shareholders this week the nature of the audit performed in the interests of the shareholders held a prominent part, the natural outcome of the revelation of what one bank audit did not reveal. This reference is worth quoting in full:

"It may not be inopportune to direct your attention to the methods adopted by the bank to surround its loans with all possible safeguards. All credits granted by the bank are placed before your Directors for examination and confirmation and all important demands receive their previous consideration and authorization. In addition to the constant supervision of our Controllers' Department all advances are carefully analyzed by our inspectors, whose reports are placed before your Directors. The auditors appointed each year by the shareholders, and whose qualifications are unquestionable, maintain throughout the year their respective representatives whose duty it is to scrutinize all items of our assets. They do not satisfy themselves with the counting of money, the verification of securities and the checking of the figures appearing on the statements submitted to you, but they examine our loan accounts to ascertain that the guarantees held are sufficient and that the financial standing of the clients warrant the advances made. In the course of the last year, as in the past, S. Roger Mitchell, of the firm of Gonthier & Midgley, pasesd upon all our loans of $5,000 and upwards at all our branches except Montreal office, where all accounts of $10,000 and upwards were scrutinized. The above will indicate that this very important item of our assets is under constant supervision and receives the vigilant attention of the bank."

Weekly Bank Clearings

(In comparison with same week last year.)

(Eastern Cities)

	Jan. 12. 1922.	Change.	%
Toronto . . .	$105,441,110—	$ 2,705,411	2.5
Montreal . . .	119,467,852—	4,689,066	3.7
Ottawa	6,347,006—	1,642,095	20.5
Hamilton . . .	5,426,819—	709,894	11.5
Quebec	5,398,841—	1,563,981	22.4
Halifax	3,763,050—	641,372	14.5
St. John . . .	2,939,157—	339,184	10.3
London	3,333,936+	195,453	6.2
Windsor . . .	3,267,701+	399,303	13.9
Brantford . . .	1,027,593—	532,980	34.1
Kitchener . . .	1,040,163+	104,698	11.1
Sherbrooke . . .	769,805—	574,380	42.7
Moncton . . .	967,325+	96,840	11.1
Peterboro' . . .	678,546—	292,911	30.1
Total east . .	$259,868,904—	$12,984,980	4.7
Kingston . . .	752,929	....	...

(Western Cities)

	Jan. 12. 1922.	Change.	%
Winnipeg . . .	$ 43,475,869—	$15,293,504	26.0
Vancouver . . .	13,763,115—	563,229	3.9
Calgary	5,314,781—	3,144,559	37.1
Edmonton . . .	5,658,404+	948,509	20.1
Regina	3,962,205—	201,977	4.8
Saskatoon . . .	1,814,940—	160,506	8.1
Moose Jaw . . .	1,353,379—	343,063	20.2
Ft. William . . .	870,530—	102,651	2.5
Lethbridge . . .	726,772—	19,171	2.5
N. Westminster	515,383+	4,163	.8
Prince Albert ..	338,163—	68,949	16.9
Medicine Hat ..	386,230—	117,970	23.4
Total west . .	$ 78,170,771—	$19,062,907	19.6
Grand total . .	$338,048,675—	$32,047,887	8.6
Brandon	624,005	....	...
Yr. to date	$670,291,107—	$79,951,880	10.6

UNLISTED SECURITIES

	Bid	Asked
Algoma Steel 5's 1962...	44	45½
Alta. Pac. Grain	120	125
Do pref.	80	81
Brit. Amer. Assurance ...	4¼	5
Burns, P., 1st Mort. 6's..	103	....
Can. Machinery 6's	73	76
Can. Woolens	16	17
Canadian Oil	50	55
Canadian Salt 6's..	89	....
Can Westinghouse	106	....
Cockshutt Plow 7% pref..	43¾	46
Collingwood Ship Bld. 6's	92	....
Cuban Can. Sugar pref..	....	10
Do com.	2	3
Davies Wm., 6's	98½	....
Dominion Fire	45	50
D. Iron & S. 5's 1939	68¼	69¼
Do pref.	80	83
Dom. Power	19	21½
Dunlop Tire pref.	85½	87
Do., 6's	90	....
Famous Players pref. ..	56	58
Goodyear Tire, pref.	54½	55½
Morrow Screw 6's	80	85
Murray-Kay pref.	54	57
National Life	40	....
Neilson, Wm. 6's	90	....
Nova Scotia Steel 6% deb.	72½	....
Ontario Pulp 6's	86½	89½
R. Simpson pref.	77	78
Sterling Bank	102½	103½
Sterling Coal	21	24
Trust and Guarantee ...	68	70
Western Assurance	5	6½
Toronto Power 5's 1924..	94½	....
Gunns, Ltd., pref.	56	58
Home Bank	97½	100
Imperial Oil	106	110
Harris Abbatoir 6's	90½	93
Inter. Milling 6's	90	....
King Edward Hotel 7's.	82	85
Lambton Golf	390	410
Manufacturers' Life	37	40
Massey Harris	63	65½
Mattagami Pulp	....	10
Mercantile Trust	97	....
Merchants Fire	40	....
Riordon com, (new stock)	¼	½
Do pref (new stock) ..	4	6
Whalen Pulp com.	7	10

THE TORONTO GENERAL TRUSTS CORPORATION

NOTICE is hereby given that the Annual General Meeting of the shareholders of the Toronto General Trusts Corporation will be held at the Head Office of the Corporation, at the corner of Bay and Melinda Streets, in the City of Toronto, on Wednesday, the 1st day of February, 1922, at 12 o'clock noon, to receive and consider the annual report and financial statements of the corporation for the year ended 31st December, 1921, to pass and confirm by-laws, to pass by-laws for the investment of the moneys of the corporation, in the erection and purchase of buildings, and the erection and improvement of buildings, required by the corporation, in the cities of Winnipeg and Vancouver, and to confirm the action of the directors already taken in reference thereto; to consider amendments to existing by-laws, and to elect directors for the ensuing year, as well as for the transaction of such other business as may be brought before the shareholders.

By order of the Board of Directors.

A. D. LANGMUIR, General Manager.

TORONTO, January 17th, 1922

1 cut returned to owner 20/1/22.

PARKER
"THE ROYAL SIX"
MODEL 6-70
STANDARD 7-PASSENGER TOURING

Write for 1922 Catalogue.

PARKER MOTOR CAR CO. LTD.

Office 707, 263 St. James St.

Plant: 3675 Notre Dame St. East,

MONTREAL, QUE.

$4,000,000

The Mount Royal Hotel Company, Limited

(Incorporated under the laws of the Province of Quebec.)

7% First Mortgage Gold Bonds

Dated 2nd January, 1922 Due 2nd January, 1942

Principal and semi-annual interest (1st July and 1st January) payable in gold coin of present standard of weight and fineness at the Royal Bank of Canada, Toronto, Montreal, or at the Agency of the Royal Bank, New York City, at holder's option.

Under the terms of the deed of trust securing the above mortgage, provision has been made for a sinking fund of $80,000 per year, commencing in 1924 and continuing to 1931, and thereafter at the rate of $120,000 each year.

These bonds are callable for the Sinking Fund at 105 and accrued interest.

Denomination: $1,000. Trustee: Montreal Trust Co.

We have disposed of this issue in its entirety—this advertisement appears only for purposes of record.

W. A. Mackenzie & Company, Limited

Government and Municipal Bonds — Corporation Securities

TORONTO :-: MONTREAL

NEWS AND VIEWS FOR MANAGERS

MEETING CLAIM THAT BANKS FAIL TO SERVE FARMER

Unsound Argument of Ontario Commission on Rural Credit

BANK ACT REVISED

Periodical Opportunity Given to Alter the System to Suit All Interests Throughout Country

This is the second article by Professor H. Michell, of the department of Political Economy, McMaster University, dealing with the new government banking legislation in Ontario. It explains away some of the more important arguments which are fallaciously advanced to show that the present banking system is arranged for the benefit of commercial interests and therefore is not suited to the development of the agricultural industry. Short term credits will be further dealt with next week showing how in actual banking procedure extensions are granted by the banks through the branch managers as a matter of general policy.—J.W.T.

The reasons alleged in the report of the Commission on Rural Credits for the Province of Ontario for demanding a new system of granting short term loans to farmers, other than the facilities now offered by the chartered banks, are namely three, which we may conveniently consider in their order.

First, it is alleged that the present banking system is framed exclusively for the commercial interests and not for agricultural requirements. In presenting this particular case the compilers of the report make a statement which can only be regarded as extraordinary in the extreme. "We realize that the Bank Act, enacted when Canada was a young country and much smaller than it is today and when its agriculture was primitive, was designed to serve the commercial interests." It would almost seem that when this statement was penned the fact that Act is revised every ten years was completely forgotten. Those who have studied the laborious and thorough way in which the parliamentary committee inquired into the whole working of the Act at the last revision in 1913 are left astonished at the idea that the Act is on antiquated and out-of-date instrument. But evidently the commissioners did know that the Act was revised because in the same paragraph they mention the fact that loans can now be granted to farmers upon the security of threshed grain or for the purchase of seed grain, or live stock. But they then go on to make the wholly unfair suggestion that since the Act only specifically mentions farmers in those connections, therefore, all the other provisions of the Act, and all the other processes of banking in Canada are inapplicable and unsuitable to the needs of agriculture. Such is, of course, an utterly unfounded conclusion.Bank practice in Canada is designed for the whole people, whatever their individual occupations may be. It is unnecessary to mention after each clause some such formula as "This provision shall also apply to farmers," it is obvious that in practically every case, except of course, such clauses as must obviously apply to special cases of commercial requirements, that the Act is framed to serve every class. Such an accusation may be dismissed at once as irrelevant.

Secondly, and here we arrive at the crux of the whole question, it is alleged that since banks will not usually lend for more than 90 days, or 180 at the outside, the farmer who needs longer accommodation cannot obtain it. There is a pleasing air of mathematical certainty about this point. cannot be hurried, nature makes haste The farmer's occupation is one that slowly. If he is raising grain he will reap his harvest and sell his crop once a year. If he is raising live stock, he must wait until his cattle are ready for market before he can realize on them. This is all quite obviously true, it is undeniable, and if it could be proved that no farmer could get a loan for more than six months, and that on the expiring of the time he was invariably called upon to pay, the case would be an exceedingly strong one, in fact it would be conclusive.

But as a matter of fact, is this what really happens? Provided the farmer has the confidence of the bank manager, and if he is a good honest man he may be sure that he can gain it, what is the likelihood of the manager arbitrarily calling his loan in the face of the best evidence that if he does the farmer will be seriously embarrassed, and that if he does not the borrower wi'l in a few months' time be in a position to meet the extended note out of the proceeds of the sale of his products?

We can imagine that a weak bank on the verge of ruin and desperately endeavoring to call in its loans, would be forced to do so, but the great banks of Canada are very far from being in such an unhappy state.

HARD TO BELIEVE

(St. Thomas Times-Journal.)

A Minto farmer, whose farm adjoins Harriston, went into a local bank to borrow a small amount of money to make up the amount to pay his taxes. When he was informed that he had money on deposit in the bank he scoffed at the assertion of the manager, who then turned up the bank books and showed him a deposit of four hundred and some odd dollars made five years ago, which, together with the compound interest for that time, brought the total up to nearly five hundred dollars.

BURNED MONEY CAN NOT BE REPLACED

Sydney Newspaper Tells People They Are Foolish to Keep Bills in the House

In the fire on New Year's eve at Sydney, N.S., which rendered a number of families homeless, the list of losses included varying quantities of cash which mount up in the aggregate, to a considerable sum. Residential fires, with their consequent distress and loss of personal belongings, are disastrous enough at any time, declares the Sydney Record, but when aggravated by the loss of money which might as well have been in the bank where it would have been safe they afford still more opportunity for self accusation on the part of the sufferers. Insurance may be placed upon household effects and personal belongings. Money and the few small mementoes of personal value only, which every individual possesses, are the sole items which cannot be replaced after the fire. On this point the record continues:

There is no conceivable reason for keeping quantities of ready money about the house. The business of the bank is to look after it and preserve it from loss. It is just as convenient to pay bills by check as any other way, and there can be no danger from fire, theft or unforeseen accidents when the balance is safe in the bank vaults. For other things of value, papers, letters and mementoes which cannot be replaced, the banks provide safety deposit boxes which insure against loss. It is true that many people hesitate to let the banks look after their money because their accounts would necessarily be small. That is a trifling reason. Whatever amount of money the individual owns, big or little, it is important to him—too important to be exposed to the chance of loss. It is better to have a small account in the bank the morning after the fire than to have a handful of charred ashes representing all the available cash one had in the world.

Such straightforward arguments as this in favor of bank savings accounts should be very effective from the standpoint of the bank manager who is working to get new business. Losing good money by fire is a loss which can be readily understood and appreciated. Preventing such losses by the simple expedient of opening a savings account can be effectively argued as elementary common-sense. —J. W. T.

GROUP INSURANCE AND BANK PENSIONS

An Effective Combination Worked Out By The Banque d'Hochelaga

The pension plan of the Banque de Hochelaga has been developed by adding a system of group insurance to the ordinary pension fund. The latter now exceeds $250,000 and is in charge of a "Society" composed of the president of the bank, the vice-president, the general manager, and the chief inspector, with three other members chosen from the staff in general. While a pension may be granted to a member of the "Society" at its discretion, whose service is deemed to justify this, group insurance has been arranged for under a definite scale, depending on the salary and the years of service. This works out as follows:

Group insurance on the lives of all the employees who have been in the bank's service for at least three years has been taken out by the society and the employees have been divided into four classes, according to their salaries. Class "A" comprises the employees receiving a salary of less than $1,000; class "B" those receiving $1,000 or more but less than $2,000; Class "C" those receiving $2,000 or more, but less than $3,000 and class "D", those receiving $3,000 or over. The amount of insurance on the life of each employee varies according to the class to which he belongs and his years of service. An employee who has been in the bank's service for twenty years, receiving a salary of less than $2,000 per year, would be entitled to $5,000 insurance; an employee whose salary was more than $2,000 but less than $3,000, would be entitled, after twenty years service, to $5,900, and after twenty-five years' service to $7,500; and an employee whose salary was $3,000 would be entitled to $7,000 after twenty years' service; to $8,500 after twenty-five years' service, and to $10,000 after thirty years' service.

"La Societe" does not exact any contribution from its members, its revenue being derived from the contributions of the bank and the interest on its investments.

TAKE INTEREST IN BOOK-KEEPING OF YOUR CUSTOMERS

Timely Advice by Managers Will Have Mutual Benefits

THE MODERN METHOD

Smaller Manufacturers and Retailers Usually Go by a Rule-of-Thumb System —Handicaps Business

Galt, January 13th, 1922.

The Editor,

"THE FINANCIAL POST,"

Sir:—For some years, I have been reading with much interest and no little profit, the page "News and Views for Managers."

A number of your contributors appear to be Branch Managers who have told you their experiences with a view to helping others in the profession.

In this spirit, I am sending you a short article on a subject that I feel somewhat strongly on.

Branch Managers have accounting experience and many of their customers have not. Both can be materially benefited in getting together in the matter. If a banker shows himself to be something more than a depositary or lender of money, he not only benefits his customer, but cements that customer to him so strongly that no competition can drag him away.

Yours very truly,
Manager.

The foregoing letter and the article which follows need neither explanation nor comment. I can only say that such contributions are heartily welcome; let us have more of them. The branch manager can do more than any one else to make this department a success.—J.W.T.

How far should a bank manager go in acquainting himself with his customers' accounting methods?

A large concern is usually so organized that its book-keeping system is above criticism, but my experience has been that the smaller manufacturer and the retailer usually has a "rule of thumb" system that will handicap his business and in some cases, wreck it.

I have in mind a man who started a factory in a small way, kept expenses to the minimum and turned out a good product for which he has a ready market. His figures indicated that he was making a profit of about 25 per cent. on his turnover. In spite of this he was always hard-up and kept getting more so. I took it upon myself to analyze his cost figures. He had his material and labor carefully computed, but when he came to overhead, he had only added 10 per cent. I asked him where he got that figure. He told me that he understood that it was "the usual thing." No wonder he was underselling the market. On analysis we found that his overhead figure should have been quadrupled. He did this and was still able to sell his goods at the higher figure. Today he is one of the prosperous manufacturers in our city and he has his banker to thank for his present condition.

Retailers Unbusinesslike

The chief offenders against all the rules of book-keeping are the retailers. As a rule the retailer in a small way has a working knowledge of the doods he handles, knows how to buy and how to sell, but book-keeping with its terrors of "red-tape" is something he has always avoided and that he touches only when he is forced to it. His invoices are stuck on a spike and when the bank presents a draft he wades through them and after a lot of waste time locates the ones he wants. A very simple invoice book would have saved him all this trouble. Mistakes are few in keeping accounts on the buying end of the retail business. However, the wholesale houses see to that. Where the big loss comes in is in keeping proper record of the goods sold on credit. The usual system is to stick the sales slips on a file where they stay until time is found to post them into a ledger and send out an account of them to the customer. In the meantime the merchant has but a very hazy idea of what any particular customer owes him and has no way of knowing whether a weak customer is getting in too deep. While the charge slips are still on the spike, a customer who is leaving town may come in to pay his account. This will necessitate going over every slip that is unposted and in lifting up more than one at a time or in peeking in between slips on the file, certain charges are almost sure to be missed. These are found after the customer is far away and the amounts are lost. In countless other ways losses, small and large, are incurred through slovenly accounting methods.

I am strongly of the opinion that the bank manager will find that it will pay him well to take this class of customer, in hand and show him a simple system that will give him absolute control over his credit accounts without costing him too much in either time or money.

Modern Equipment

I hold no brief for the manufacturers of account register systems but really believe that the devices turned out by them are the greatest comforts and money savers a retail merchant can have. The registers I have seen have metal leaves divided into spaces about the size of a sales slip. These spaces take the place of a ledger leaf. The balance owing by the customer is carried forward on the sales slips and so the merchant has a complete record of his accounts from the sales slips alone without any day book, ledger, or any other book. There are many other advantages which no doubt the manufacturers would be glad to explain to any manager who is interested in the matter.

GERMAN PAPER MONEY A QUARTER TRILLION

Government Realizes That Something Must be Done to Control Printing Presses

The government has emphasized the necessity of Premier Lloyd George's proposals in regard to limiting the issue of paper money by printing the Reichsbank statement for the end of the year, showing an increase of almost five billion marks in circulation during the final week and a grand total which lacks only a few millions of 122,000,000,000 marks.

The note circulation, which was about 70,000,000,000 at the close of 1920, therefore has almost doubled during the year. The amount of discounted Treasury bills in the Reichsbank's hands has more than doubled during the year, the government's unsecured indebtedness to the bank being more than 132,000,000,000 marks, compared with sixty billions at the close of 1920. The bank's holdings of the government's paper increased in the final year more than 15,000,000,000 marks, part representing direct government borrowings for that period, the rest in treasury certificates, which private holders unloaded for the Reichsbank to raise cash for their own requirements. The total amount of this floating debt in the Reichsbank and private hands is approaching perilously near a quarter of a trillion marks, if such astronomical figures have any meaning to the reader. The precise amount will be revealed in a few days, when the treasury statement of receipts and expenditures will be published.

CONDITIONS IN CUBA

Opinion of New York Financier Who Has Been Investigating

NEW YORK.—James Speyer, head of Speyer & Co., bankers, who has just returned from Cuba, says that what that country needs is either an auxiliary of the U. S. Federal Reserve system or a Federal Reserve System of its own strictly supervised by executives independent of political or local influences.

"Cuba is passing through a period of financial and economic depression," said Mr. Speyer. "The public Treasury, as well as many banks and mercantile concerns, finds it difficult to meet its obligations. This crisis is principally due to two causes. The first is the very great extravagance with which the public affairs have been managed during the last few years before President Zayas took office. Second, the effect of this improvidence is aggravated by the low price of sugar following a period of extraordinarily high prices during the war.

"It is therefore only a question of time until the little republic will return to normal. This will depend largely on proper economy in public affairs, as neither the gross nor the net revenues have been what they should be. But we must not forget that the Cubans have not yet been taught to save and have had self-government for only a little while.

"It is a remarkable fact that Cuba has no paper money and no bank notes except our own, and that she has not resorted to the printing presses and inflation to ease conditions.

"It is very much to be desired that during this temporary crisis we pursue a consistently firm but generous policy toward the island republic, not only in its interest but in our own, because Cuba is a very good customer for our manufactured goods. Furthermore, whatever policy we pursue toward Cuba will have far-reaching consequences in our political and business relations with all Central and South American countries."

ARMOUR'S HUGE LOSS

Armour & Co., for the year ended October 29, 1921, reports a net loss of $31,709,817 after charges and taxes. This compares with net profits of $5,319,975 in the previous fiscal year.

The huge loss was reported on a total business turnover of approximately $600,000,000, while the total for 1920 was $900,000,000. The profit and loss as a result of the deficit was reduced from $80,711, 494 at the close of the 1920 year to $63,454,697 on October 29, 1921.

DIVIDEND PAYMENTS

Company—	Date.	Rate.	Record.
B. E. Steel 1st pfd.	Feb. 1	1¾	Jan. 18
Hollinger Mines	Jan 28	1	Jan. 13
Can. Converters	Feb. 15	1¾	Jan. 31
Murray Kay, pfd.	Feb. 1	1¾	Jan. 20
Russell Motor, com.	Feb. 1	1	Jan 23
Do., pref.	Feb. 1	1¾	Jan. 23
Can. Cement, pfd.	Feb. 16	1¾	Jan 31
Montreal Trams	Feb. 1	2½	Jan. 18
Merchants Bank	Feb. 10	1½	Jan. 14
Allen Theatres—			
Toronto, pfd.	Jan. 26	2	Jan. 1
Beach, pfd.	Jan. 26	1¾	Jan. 1
College, pfd.	Jan. 26	1¾	Jan 1
Parkdale, pfd.	Jan. 26	1¾	Jan. 1
Danforth, pfd.	Jan. 26	1¾	Jan. 1
St. Clair, pfd.	Jan. 26	1¾	Jan. 1
Edmonton, pfd.	Jan. 26	1¾	Jan. 1
Bk. Nationale	Feb. 1	3	Jan. 16
Dom. Steel, pfd.	Feb. 1	1½	Jan. 14
Dom. Coal, pfd.	Feb. 1	1¾	Jan. 12
Penmans, com.	Feb. 15	2	Feb. 4
Do., pref.	Feb. 1	1½	Jan. 21
Steel of Can., com.	Feb. 1	1¾	Jan. 10
Do., pref.	Feb. 1	1¾	Jan. 10
Do., pref.	Feb. 1	1¾	Jan. 10
Standard Bk.	Feb. 1	3½	Jan. 16
Imperial Bk.	Feb. 1	3	Jan. 17
Kaministiquia	Feb. 15	2	Jan. 31

Watching Clients' Interests

Perhaps you hold a lot of securities which you want to exchange for others.

Conditions may have changed since you bought—you may want longer or shorter term maturities—or for other reasons, desire to exchange.

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By close attention to clients' investments, combined with our knowledge of the bond markets, we frequently have been able to advise them of an advantageous exchange which otherwise would not have occurred to them.

Before you invest, consult us.

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INVESTMENT BANKERS

43

1921 - Canada's Biggest Housebuilding Year

And yet The Shortage Is Acute

In 1920 11,000 homes were built in Canada. Yet 70,000 couples were married and 117,000 immigrants came to Canada demanding at least 20,000 more homes.

Last year about 14,000 homes were built in Canada. This is the largest number ever built in one year in Canada. But how inadequate the total is to meet demands. A. R. Whittemore, of MacLean Building Reports, Limited, estimates that Canada needs 165,000 houses.

The building of these homes must be financed. There will be profit for those who aid in the financing of these homes. There is a wide field of operation for these companies—formed to refinance building contracts in Canada:

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Hamilton Finance Corporation Limited
Windsor Finance Corporation Limited
London Finance Corporation Limited
Montreal Finance Corporation Limited
Kitchener Finance Corporation Limited
Brantford Finance Corporation Limited
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TORONTO, JANUARY 20, 1922.

CANADA CAN MAINTAIN WAR STANDARDS

MR. HOOVER, Secretary of the United States Trade and Commerce Commission, is engaged in a world campaign in conjunction with United States exporters, manufacturers and farmers to boost American export sales to the standard of the war-time period. They are not satisfied with the average exports of pre-war days but they want to maintain the war basis.

It is quite possible for the Canadian trade in a few years under the direction of perhaps the only real Minister we have ever had, Hon. Mr. Robb, to not only attain but eventually surpass our war records.

Mr. Robb cannot do it alone; he must be supported by the sane leadership in the Departments of Agriculture, Immigration, Labor and Finance and given the national leadership the Canadians can surprise the world.

MEN WITH A MISSION

WHEN THE Tariff Commission was sitting in Western Canada THE FINANCIAL POST congratulated the implement manufacturers in being represented at the hearings which promised so much in influencing Western public opinion by Thomas Findley, a recognized authority in his field and a man of broad and sympathetic understanding of the larger issues involved. At the same time THE POST condemned the textile manufacturers for sending out a lawyer who knew little or nothing of the practical end of the industry and whose whole effort seemed to be to fool the people by the deliberate juggling of technicalities.

The favorable impression created by Mr. Findley in his frank presentation of the case for the implement makers was quite evident at the time and that it has been lasting is indicated by the following editorial paragraph from the Grain Growers Guide which shares in the general recognition of a life of real service:

> When Thomas Findley, president and general manager of the Massey-Harris Company, died after a painful and lingering illness, the business world sustained a severe loss. His outstanding ability was clearly demonstrated by the fact that he entered the service of the company in a humble capacity and worked his way to the top, and in the course of this achievement earned widespread respect and confidence by his candor, honesty, sincerity and generosity. Though not always in agreement with Mr. Findley on economic issues, The Guide is glad to render a tribute to his great ability, the breadth of his outlook and his tolerance in the consideration and discussion of national issues. More Thomas Findleys in our business world would aid in the development of a united nation.

What the Western people thought of Mr. Pringle as counsel for the textile firms was made amply evident at the time by open criticism and expressed resentment. When the commission came East Sir Charles Gordon, A. O. Dawson and other textile leaders tried to rectify the mistake. They were able to make a strong case for the textile industry but it was too late to offset the damage which had been done in the West.

The Grain Growers' Guide expresses the Western desire that there should be more Thomas Findleys in the world; that desire is heartily seconded by THE FINANCIAL POST. What is wanted is a better understanding—or less misunderstanding—between the East and the West and men of the Findley type can do much to bring it about.

TORONTO'S TRANSPORTATION EXPERIMENT

A CHORUS of castigation against the Toronto Transportation Commission has been raised by the local newspapers, led by the Globe. These fervent advocates of public ownership suddenly seem to have discovered that the adoption of their doctrine has not brought in the promised millennium in street car service; they are seeking to put the blame on the commissioners.

"Why don't you join in this criticism of the Transportation Commission?" asked an indignant citizen of THE FINANCIAL POST, "you are always opposed to public ownership."

Let it be emphasized at once that THE FINANCIAL POST is opposed to public ownership only in so far as its weaknesses undermine public services. Let it be emphasized also that the collapse of morale in the operation of the Toronto railway system is no surprise to us; it is only what was to be expected—but we take no satisfaction in it.

There is no present issue for or against public ownership of the Toronto Street Railway; that issue has been decided. THE FINANCIAL POST tried to do its duty by the people of Toronto by pointing out that all experiences indicated that an inefficient service would be the result. We long urged the necessity of a better understanding between the city officials and the company. The former made the system a political football and the latter often played into their hands by its attitude to the public. The solution of the problem was in granting a well-guarded charter with reasonable fares and co-operation between a well-managed corporation and city officials. But the newspapers capitalized the friction between the company and the city hall so effectively that it had for some years been evident that public ownership was a foregone conclusion.

We believe that the Transportation Commission is doing all that could be expected of it under the circumstances. A decline in morale in the operating organization was to be expected. Coupled with the reconstruction activities it has badly impaired the service. From an engineering standpoint the commission has done good work.

The newspaper campaign against the Commission is evidently deliberately planned. Is it aimed to put the system under the Hydro-Electric Commission so that Sir Adam Beck may gain control of Toronto's waterfront and streets? Or is the idea to give control to the city hall politicians who recognize its value as a vote-getting machine? Much better to give the commission a chance—at least until public opinion is prepared for some constructive solution of the problem.

GOLD BRICKING SETTLERS

THERE has been a sad lack of common-sense and foresight in dealing with the settlers in the Prairie Provinces who have suffered from crop failures. The Provincial and Dominion Governments have been sadly negligent of their duty. These settlers need immediate relief and the Western and Ottawa Governments should get together to arrange a plan for their permanent release.

Many of these settlers have been gold-bricked. They have been put on lands which the authorities, national and provincial, should have known were incapable of satisfactory development by these particular settlers. There are plenty of lands in other parts of the provinces on which these people should have been placed; can still be placed, where they would make good and grow up into splendid Canadian citizens. It will cost money to do this but it is our duty to spend the money and it will pay us to do it.

WHO WOULD PAY THE PRICE

THE CURRENT agitation in Western Canada for the re-establishment of the Canadian Wheat Board is again being heard. Evidently those who are behind the movement—even though they may be only the "noisy minority" referred to by the Grain Trade News, of Winnipeg—have a considerable following of those who believe that by the establishment of some machinery for fixing prices they can control the markets to the extent of getting larger prices for themselves. As Canada exports a large surplus of wheat we believe that such a course would be justified in the interests of the whole country if the results referred to could actually be obtained, even though the Canadian consumer of bread were placed at a disadvantage. But there is no real evidence upon which to base such hope.

If there was ever any real justification for the control of the wheat market it was contained, we believe, in the one word: "war". Under any other conditions the machinery of the grain exchanges works efficiently in the interests of both producer and consumer. Various investigations into the grain carrying, selling and storing businesses have indicated this. The re-establishment of the Wheat Board in Canada might result in fixing a higher price to the Canadian consumer but that would not be in the national interest if this same increased price could not be secured for the exportable surplus. And how could a Canadian board control the price being paid in Liverpool or the big grain-handling ports of Europe when consignments are being received from all the other grain-exporting countries. Even were it possible to form an organization to include all wheat-exporting countries the effect of an artificial price would tend to reduce consumption by the importing nations whose low buying power has been the natural and dominating factor in the collapse of prices of farm products.

A recent cable from London told of strong opposition on the part of the big British meat companies to the proposed meat pool for the New Zealand export trade being mooted by the New Zealand government. This indicates that the big buyers in Britain and Europe are watching efforts to artificially bolster up prices by pools and combinations. These buyers now operate in the open market where supply and demand are the dominating factors. Should any one country try to pool its products for higher prices a combination of these buyers to boycott that country could, and no doubt would, be effected. Supposing then that Canada re-established the Wheat Board and fixed prices. British and European buyers would not necessarily have to observe them and the result would be that the high prices could be enforced only in Canada at the expense of the Canadian people.

CHIEF JUSTICE PERDUE of the Manitoba Court of Appeal, was indulging in a few reminiscences the other day and he said "Give us back the thin statute books and more of the self-reliance which means so much to the nation and to the individual."

* * *

THE OPERATION of the much-discussed marking act has been postponed until after the close of the next session of Parliament. At least it is better to follow this course than to put it into effect and then cancel it after it has been found unworkable.

* * *

THE HOUSING commission at Windsor is planning to sell its building lots and use the money realized to make loans to enable buyers to build. This is evidently a practical effort to get over the fact that municipal building of houses for people has not been a success. Not only have the costs been too high but the people have not taken kindly to the ready-made idea as applied to their homes.

* * *

THAT BRAINS were not receiving the encouragement they should was a complaint voiced by Sir H. Kingsley-Wood, M. P., in opening an exhibition at Eltham, Eng. Capital and labor should receive them into full partnership—they often looked askance at them to-day. Now that paralysis due to the war was over, he declared, it was from a combination of brains, capital and labor that the worker would receive the most benefit; these three were the best Triple Alliance.

* * *

NO DOUBT many readers of The Toronto Globe have recently marvelled at the wide use of the news columns of that paper to put forward highly colored reports dealing with political and public ownership issues. Nor would they be surprised at a resolution passed by the North Toronto Ratepayers Association declaring that the tenor of a meeting at which the recent Hydro radial by-laws were considered and condemned by resolution, was entirely misrepresented. The resolution says that the report as presented by The Globe was "read with regret and amazement," and that "we view with regret that a paper of the Daily Globe's reputation should have been guilty of such yellow electioneering tactics." A fighting newspaper loses its following when it fights unfairly.

Sound Business Methods to Develop Canada's Export Markets

New Minister of Trade Makes Straightforward Appeal to Manufacturers to Lend Effective Co-operation

By HON. J. A. ROBB,
Minister of Trade and Commerce, before the Export Club of Montreal, and the Quebec Branch of the C. M. A.

I am not here as a teacher, but as a student, willing and eager to learn, that the Department of Government Service over which I have the honor to preside may become even more useful than it has been. I am here not to give, but to receive, advice. May I express the hope that you will be generous with your advice as we would like you to be with your support for as you know, "governments cannot live by advice alone."

The Department of Trade and Commerce was created and designed to help, not to hinder, trade either within or without Canada. The measure of the usefulness of that Department of Government Service will be in proportion to the help given and the encouragement offered by fellow Canadians interested and employed in the production, the manufacture, the transportation and the distribution of Canadian products. Having worked as a producer, as a manufacturer and as a trader, always willing to trade wherever and whenever there was a profit, experience has taught me that every branch of service from producer to consumer has its risks, sometimes a profit, other times a loss. A good healthy profitable trade is not built up in an afternoon, nor at an annual dinner—even if the menu is as good and the company as genial as it is to-night.

Every successful trader in this room knows that profitable trade is not built up by Governments alone—even as a good a government as we now have can accomplish little without support, the co-operation of the wide-awake bright, brainy business-men of Canada, and so, Sir, I am here as the representative of a government that wants to be good, a government that hopes to be useful in developing Canadian trade at home and abroad. And you ask me, "What is our policy, what is to be the policy of the Department of Trade and Commerce?" Well, Sir, I am Scotch, and a Scotchman always answers a question by asking another. What policy do you want us to pursue? Do you want government agents to attempt to handle your business at home and abroad, or do you want the government to stand out of the way and give Canadian business men a chance to do business in a business way, taking profits, if profits are obtainable, but maintaining their established connections and their customers, through the uniform good quality of Canadian products? If that is to be the policy, then I venture to believe that Canadian export trade will grow from year to year and that eventually Canada will win out even against hostile tariffs. We may as well face the issue and at once admit that the Great War for freedom and the rights of small nations has not only burdened the tax-payers of the world with enormous debt, and governments and people with extravagant habits, but has also fostered a spirit of tariff warfare throughout the world, which must, I imagine, like all other wars, run its course.

New U. S. Tariff

Recently some of our good customers have revised the customs tariff, apparently with a view to reducing trade with their own best customers. They may temporarily disturb Canadian trade, but they cannot discourage nor destroy Canadian enterprise.

It is a rule of trade that wherever your sales increase, your purchases also grow, so that as sure as night follows day, if and when a country puts up extreme tariff barriers, hindering necessary purchases, that country places a stumbling-block against its own trade, fostering discontent among its own people.

We, in Canada, have little right to complain if other countries place a prohibitive tariff against our products, but we have a right to try and find markets for the products of our country, to seek out the best and most profitable markets, to give preference to those who give preference to those who give preference to us, and, like any well managed business, to secure as many good customers as we can. The world is large; Canada has great resources and is geographically and favorable located to trade either with the Eastern or Western world or with the great countries to the South.

Transportation

Perhaps I may say a word to you of our transportation system. We have lots of it—some say too much—and yet there is in some sections of our country an agitation for an extension of railways, and the opening of other channels of transport. That I shall not now attempt to discuss, but may I suggest this—if Canada is to compete with other nations in the markets of the world, we must be prepared to carry Canadian products at as low rate of freight, and with as good despatch as any other country. Canada has the railway lines—Canada has ships. Surely Canada should carry from Canadian ports Canadian exports at as favorable rates as that offered at any other ports.

Linking up all the forces and all the interests of Canada, so that each will have a personal—yes, if you wish to put it that way, a selfish interest, for the promotion of more work, more traffic, more business, for Canada all linked together and all working together would forge a chain strong enough to put Canadian trade out of the rut, create avenues of industry, develop new channels of trade and help to provide work for all willing to work. No one Department of Government, indeed no government, can bring this about without the co-operation and support of a United Canada.

Is this a time for divisions? Is it not rather a time for unity, a time for work? The war is over; in that war Canada played a splendid part, at home as well as on the field of battle. Our men are home settling down, taking their places in civil life and public life, willing and eager to do their bit, at home as they have done it abroad, and they will do it if they get a fair chance. Is it not a time to let people of other countries settle their own domestic affairs, while we Canadians settle Canadian affairs to suit Canadian conditions. What is the use of our immense undeveloped resources, in agricultural lands, in forests, in minerals, coal, iron, copper and precious metals, in fisheries, and in great water powers throughout two-thirds, or more, of our provinces? What's the good of it all unless developed and so give employment to the citizen and revenue to the nation, only thus can we hope to encourage greater immigration, doubling our population, and so reduce our per capita debt one half.

Is not increased immigration one of the great problems Canada faces to-day; to maintain satisfied and contented our own people, and encourage development that will bring to our provinces, and to each province, the people best suited for conditions in that province, a selected and intelligent class of immigration, we must have a policy that will enable the immigrant who becomes a Canadian citizen to obtain work, to live cheaply and well, to produce economically, so he can meet world competition, export the surplus product of his labor, bringing back the profits, and so will a prosperous and contented citizenship help to build up a greater Canada.

Restricting Our Trade

Statistics are dry subjects for an after-dinner speech, and I do not propose tiring you with details of Canadian trade throughout the world. A post-card to the Bureau of Statistics at Ottawa, will secure for you a statement of Canadian sales and purchases from the countries of the world. Canada has what we may term 50 to 75 first class customers. May I give you briefly a list of our best customers?

TRADE OF CANADA BY PRINCIPAL COUNTRIES

Note: Countries arranged in order of importance of Total Trade in 1921.

	1914 (pre-war)		1921	
	Imports for Consumption	Exports of Canadian Produce	Imports for Consumption	Exports of Canadian Produce
United States	$396,302,138	$163,372,825	$856,176,820	$542,322,967
United Kingdom	132,070,406	215,253,969	213,973,562	312,844,871
Italy	2,090,387	514,660	1,745,330	57,758,343
France	14,276,535	3,632,444	19,138,062	27,428,308
Belgium	4,490,476	4,269,394	4,693,368	40,252,487
Cuba	3,952,887	1,915,414	30,743,239	6,573,768
Netherlands	3,015,456	3,985,987	4,237,791	20,208,418
British West Indies	4,247,310	4,469,329	14,833,746	13,030.225
Greece	445,036	11,934	817,157	20,834,577
Newfoundland	1,840,523	4,508,090	2,886,203	16,676,728
Australia	713,111	4,673,997	791,980	18,112.861
Japan	2,604.216	1,587,467	11,360,821	6,414,920
New Zealand	3,192,900	1,933,698	4,219.965	11,873,000
British East Indies	7,218,987	686,324	14,307.404	6,388,898
Germany	14,586,223	4,044,019	1,547,685	8,215,337
British Empire	154,526,846	238,642.517	266,002,688	403.452.219
Foreign Countries	464,667,152	192,945,922	974,156,194	785,711,482
Total	619,193,998	431,588,439	1,240,158,882	1,189,163,701

Galt Bonds to yield 5.70%

Maturities 1 to 19 years. In odd amounts of from about $150 up to $1,000 and multiples thereof.

These are a first-class buy for private investors as well as for institutions.

Write for complete schedule of amounts and maturities.

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Such an investment opportunity will be offered by us shortly in the form of first lien sinking fund debentures, redeemable in gold or convertible in 10 per cent. preferred shares. The debentures are first lien on land, mills, machineries, patents, of a large corporation being organized in Montreal, the direction of which is composed of men of outstanding prominence in the various spheres of business and finance.

The debentures will carry a substantial bonus in common stock.

Write for particulars.

CREDIT CANADA LIMITEE
145 St. James Street - Montreal

CANADA CEMENT COMPANY, LTD.
PREFERENCE SHAREHOLDERS
DIVIDEND NO. 48.

NOTICE IS EREBY GIVEN that a dividend of 1¾% for the three months ending December 31st, 1921, being at the rate of 7% per annum on the paid up Preference Stock of this Company has been declared, and that the same will be paid on the 16th day of February next to Preference Shareholders of record at the close of business January 31st, 1922.

. L. DOBLE,
Secretary
Montreal, January 16th, 1922.

THE MONTREAL CITY AND DISTRICT SAVINGS BANK

The Annual Meeting of the Shareholders of this Bank will be held at the Head Office, St. James Street, on Monday, the 13th of February next, at 12 o'clock noon, for the reception of the Annual Reports and Statements and the election of Directors.

By order of the Board,
A. P. LESPERANCE,
General Manager.
Montreal, January 12th, 1922.

THE DOMINION BAN[K]

NOTICE is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank, in Toronto, on Wednesday, 25th January, 1922, at twelve o'clock noon.

By Order of the Board.
C. A. BOGERT,
General Manager.
Toronto, 18th November, 1921.

THE MERCHANTS BANK of CANADA
QUARTERLY DIVIDEND

A dividend of 1½% for the current quarter, being at the rate of 6% per annum, upon the paid-up capital stock of the bank, has been declared payable on 1st February next to shareholders of record on the evening of 14th January.

It will be noted that this dividend is approximately equivalent to the quarterly returns the Merchants Bank shareholders will receive in ordinary course in future after they exchange their shares for Bank of Montreal shares under the agreement now before the shareholders.

By order of the Board,
H. B. MACKENZIE,
Acting General Manager.
Montreal, 3rd January, 1922.

Opportunities In Odd Amount Bonds

During an active bond market there are exceptional opportunities for picking up odd amount bonds of the various Provinces and of representative municipalities of the Dominion. Our current ODD LOT LIST contains offerings of bonds varying in amounts from approximately one or two hundred dollars upward to several thousands.

It is good business to take advantage of the unparalleled opportunities for investment which world market conditions give present-day investors.

Send for New Odd Amount List.

A. E. AMES & CO.

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BELMONT HOUSE . . VICTORIA, B.C.

Established 1889

INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

MANITOBA—SOUTHERN POWER

Enquirer, Newcastle—Would like your opinion of the Manitoba Power bonds, also the Southern Canada Power bonds.

Manitoba power bonds are an excellent public utility investment and worthy of your attention. They are guaranteed by the Winnipeg Electric Railway and as the management will be much the same a sound direction of the company's affairs may be expected.

The Southern Canada power bonds also rank high. This company is growing rapidly and its earnings have shown considerable expansion. The bonds have this advantage over the other issue, that there is already a trading market existing for them. They are of an old issue and the Manitoba power bonds are a new issue. The yield is somewhat less on the Southern Canada bonds about 6½ per cent. against 7 per cent. For collateral the Southern Canada bonds would be best. For an investment the Manitoba power bonds would probably take precedence because of the additional yield.

UNION TRUST

C. H., Hamilton.—Will you kindly let me know if you consider the Union Trust Company perfectly strong and reliable to handle trust funds.

Our information is that the Union Trust Company of Toronto, is in a sound and strong position. A couple of years ago this company made some rather drastic adjustments in regard to its investments and has since improved its position in a satisfactory way. It is backed by important financial interests which would seem to give every reasonable assurance of its stability. We understand that the annual report, which will be forthcoming in the near future, will show that the company has had a very satisfactory year.

MANITOBA POWER

Enquirer, Rock Island.—Would you please give me your opinion and some information in regard to Manitoba Power Co., 7 per cent bonds, as a safe and sound long-term investment. I purchased some of these bonds and was thinking of taking a little more, but it was suggested to me that there might be some serious likelihood of there not being an adequate market for the power, and also that it might be questionable whether the guarantee of the Winnipeg Electric Railway Co., would run with the bonds in case the city purchased the railway and whether the said guarantee would amount to a commercially safe and practical assurance.

Manitoba power bonds are a very good investment but of course no investor should overload himself with one issue. If you have already invested heavily it would be well to turn in another direction.

As for the two points you mention; Winnipeg is a rapidly expanding city and will require much power. It is stated that arrangements have already been made for the sale of the power to be developed. It is hard to see how the acquisition by the city of the railway could affect the guarantee as the withdrawal of the guarantee would be practically the extinguishing of private rights and could not be supported at law. One point that has been brought up in regard to the guarantee is that if the bonds were defaulted it would be necessary to take legal action to enforce the guarantee and this might be a difficult matter if the Winnipeg Electric were to be affected by the same adverse influences that could affect the power company at some future time. Guaranteed railway bonds in the United States have hardly proven satisfactory. But these points are not so dominant as to deter you from investing a reasonable portion of your investment funds in this enterprise with its many attractive features.

Seasoned PublicUtility Bonds

are always in high favour with conservative investors.

There is one in particular which we are recommending to our clients at today's prices.

It is a hydro-electric first mortgage bond adequately protected by both assets and earnings. In addition, principal and interest are guaranteed by one of Canada's strongest public utility companies, and are payable in New York funds.

Limited amount at price to yield over 7%. Write for particulars.

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THE NATIONAL CITY COMPANY
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NEW YORK

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Call The Office Boy! Perhaps He Knows!

(Continued from page 1)

lieve must have been in nineteen hundred and thirteen or nineteen hundred and fourteen?

A. In a general way, yes.

Q. Did you know of the position of the firm's account in subsequent years, such as nineteen hundred and fourteen, fifteen and sixteen, for instance?

A. In nineteen hundred and fourteen I knew of it in a general way, but I left home in nineteen hundred and fifteen and did not come back until nineteen hundred and nineteen. I left here at the time of the sinking of the Lusitania, so I did not know about it after that.

Q. Did you know the condition of the firm's account in nineteen hundred and fourteen?

A. In a general way, yes.

Q. You came back in nineteen hundred and nineteen?

A. Yes.

Q. Were you told then of the position of the account of the firm of Thornton Davidson and Company?

A. No.

After the Failure

Q. When did you first find out the exact positon of the account of Thornton Davidson and Company?

A. It was sometime in the autumn of nineteen hundred and twenty.

Q. Before or after the bankruptcy?

A. After.

Q. Do you mean to say you did not know at any time prior to the bankruptcy that the firm of Thornton Davidson and company was very heavily indebted to your Bank, and that their account was not protected?

A. What do you call heavily indebted?

Q. You do not wish me to mention any sum. If you do I will.

By Mr. Shaughnessy, K. C: I ask your lordship to confine the learned counsel to relevant evidence.

By the court: I am entirely at sea. The accused is charged with stealing $500,000 and as long as the accused does not object to the evidence I don't see that anybody else can.

A. I did not know the exact amount that Thornton Davidson and Company owed the bank.

By Mr. Alexander, K.C.:

Q. Prior to the failure?

A. Prior to the failure.

Did Not Know of Large Overdraft

Q. In a general way did you know prior to the bankruptcy that the Merchants Bank of Canada allowed a large overdraft without security, to the firm of Thornton Davidson and Company?

A. I did not.

Q. In other words, you knew prior to the bankruptcy that the firm could not pay its liabilities in full if called upon?

A. Prior to the time of the failure?

Q. Yes.

Nor of Insolvency

A. And the failure was when?

Q. July 1920?

A. No, I did not know that.

Q. In other words, you did not know at any time prior to the bankruptcy that the firm could not pay its liabilities in full, and was insolvent. Personally, it never came to your knowledge?

A. It is very difficult to remember before the war.

Q. I am not speaking before the was. Before July 1920?

A. I did not know anything about it.

Q. You did not handle the account personally?

A. No, I had nothing to do with it. It was never brought to our notice.

Q. It never came to your knowledge prior to the bankruptcy of the firm?

A. No.

Q. You knew they had an overdraft in a general way?

A. I did not even know they had an overdraft.

Cross Examined by Mr. Wilson, K. C. of counsel for the defence.

Q. At the time of the failure, and sometime previous to it were you aware that the firm of Thornton Davidson & Company had an overdraft with your bank?

A. No.

Q. Somebody, some officer of your bank must have known?

A. Yes.

Q. Who was supposed to know that?

By the court: is that important?

By Mr. Wilson, K. C., I think it is important.

"He Would Probably Know."

A. The local manger of the Montreal Branch would know.

Q. Who was it?

A. Mr. Kippen.

Q. What about Mr. Macarow?

A. He would probably know.

D. C. Macarow

Q. Will you state, Mr. Macarow, if at any time you knew or had it come to your knowledge that the firm of Thornton, Davidson & Co., was not solvent?

A. No.

Q. You did not know?

A. I did not know.

Q. That is prior to the insolvency?

A. No.

Q. As a matter of fact, Mr. Macarow, you knew that apart from being a partner in the firm of Thornton Davidson & Co., Cameron carried on private dealings or transactions?

A. I had no knowledge of it.

Q. Did you know that Mr. Cameron was heavily involved personally in dealings, and also had a private personal account with the Merchants Bank of Canada?

A. I was not aware that he had outside private deals, and I was not aware that he had a current account with the bank.

The Local Manager, Mr. Kippen

Q. If you were not aware, and if you do not know, who would be in a position to know?

A. The local manager.

No Information as to Earnings

Q. Would you please give his name?

A. Mr. J. G. Kippen.

Q. Do I understand you to say that at no time prior to the bankruptcy had you any personal knowledge as as to the earnings of the firm of Thornton Davidson & Co.?

A. I had no information as to the earnings.

Avail Report for 1919

Q. It came out in evidence that a financial statement or an auditor's report was shown to the officials of the bank, that report showing the position of Thornton Davidson & Co. for the period commencing January 1919, and ending on the 31st of December 1919.

(Question objected to and objection sustained.)

Cameron's Withdrawal of Funds

Q. Has Mr. Cameron to your knowledge, or has it been brought to your knowledge, that he withdrew funds from the firm of Thornton Davidson & Co., for the purpose of financing his private deal in the Great Eastern Pulp & Paper Co.?

A. Not that I am aware of.

Q. It has been mentioned that McDonald, Currie & Co., chartered accountants of Montreal, were ordered by the Merchants Bank of Canada to prepare a finacial report of the firm of Thornton Davidson & Co., for the year 1919. Do you know anything about it personally?

A. Not personally, no.

Q. I suppose you did not see any of the cheques which were signed by Cameron in the firm name of Thornton Davidson Co. They would not go through your hands?

A. I would not see them at all.

Q. Will you state, Mr. Macarow, if ledge any of these amounts (in Cameron's personal account) that were deposited in the bank were moneys being the property of Thornton Davidson & Co.?

A. I have absolutely no knowledge of the account at all.

Q. May I ask when were you appointed general manager of the Merchants Bank of Canada?

A. In 1916.

Q. And then the ordinary routine work of dealing with customers would not come to your knowledge?

A. No.

Q. It would be entirely in the hands of the local manager?

A. Yes, Mr. J. D. G. Kippen.

J. D. G. Kippen

Q. Mr. Kippen, I understand that you were the local manager of the Merchants Bank of Canada, for some years past?

A. I was.

Q. Covering what time?

A. From sometime in 1916 until the beginning of October, 1920.

Q. Do you know Mr. Cameron?

A. Oh yes.

Q. Do you know if he had a personal, trading or current account with the Merchants Bank of Canada?

A. Yes, I knew he had a current account.

Could Not Really Say

Q. Mr. Kippen, is it to your knowledge that Mr. Cameron withdrew sums of money from time to time during a period commencing the first of January, 1919, and ending the thirtieth of July, 1920, and which sums he withdrew from the firm of Thornton Davidson & Co., and deposited the same to his own credit in his personal account with your bank?

A. There may have been some cheques drawn. I could not really say. If I saw the vouchers I could tell.

Did Not Discuss Financial Position

Q. Who is the manager of the branch now?

A. Mr. Finucan.

Q. Mr. Kippen, did you ever discuss with Mr. Cameron the financial position of the firm, I mean, prior to July 1920?

A. No.

Q. Did you ever complain or did any of your employees under your charge complain that Cameron had been withdrawing large sums of money from the firm?

He Never Complained

A. I never complained.

Q. Has it ever came to your knowledge, Mr. Kippen, that Mr. Cameron withdrew certain sums of money Thornton Davidson & Co., by cheques made payable to the Bank of Ottawa, and which cheques were deposited by him to his own credit with that bank?

A. No.

$570,000

Q. Is it to your knowledge that during the period commencing the first of January, 1919, up to the thirtieth of July, 1920 (and it has been given in evidence) that Mr. Cameron withdrew from the firm of Thornton Davidson & Co., something like $570,000?

"I Could Not Say"

A. It was not to my knowledge.

Q. At any rate, if such sums were withdrawn from the firm of Thornton Davidson & Co., the firm, I suppose in the ordinary course of business was called upon to put up security to cover these withdrawals?

A. I could not say, it is so long ago.

PERSONALS

A. W. Campbell, of Edinborough, was recently appointed to the directorate of the Canada Permanent Mortgage Corporation to fill the place on the board occupied for many years by his father, the late John Campbell.

R. S. Waldie, of Toronto, vice-president of the Victoria Harbor Lumber Co., has been appointed to the directorate of the Confederation Life Association. Mr. Waldie is a lawyer by profession, having been called to the Ontario Bar in 1903. He is vice-president of the General Accident Assurance Co., and was made a director of the Imperial Bank of Canada in 1919.

G. W. Mayer, of Toronto, a former director of the Imperial Oil, Ltd., has been elected a director of the Standard Oil Co., of New Jersey. He will take charge of the domestic sales department of the New Jersey Co. The place on the Imperial Oil directorate formerly held by Mr. Mayer will probably be filled at a shareholders' meeting to be called shortly.

D. A. Cameron, elected to the presidency of the Toronto Board of Trade is a widely known Canadian banker. He is manager of the Toronto branch of the Canadian Bank of Commerce, but since joining the service of that institution as junior clerk in 1881 he has served in various and distant cities of the Dominion. For some years he was stationed in the far west in British Columbia, Yukon and Washington state. He was appointed to the management of the Toronto branch in 1911.

John Hepner, of Port Elgin, a partner in the firm of Stevens-Hepner Ltd., manufacturers of brushes and brooms, died in Toronto a few days ago at the age of 73 years. Mr. Hepner was one of the pioneers in this industry in Canada, and through his personal interest and ability has built up a large business, which is the backbone of the town in which it is located. He was born in Napanee and removed to Port Elgin as a young man where he was engaged with the old Port Elgin Brush Works. Some years after, he, with H. H. Stevens, secured control of the firm, and adopted the firm name of Stevens-Hepner Ltd. The business prospered under their guidance, and it is now one of the largest of the class in the Dominion. Mr. Hepner was chiefly engaged in the practical end, but three years ago was forced owing to ill-health, to give up active participation in the operations of the plant.

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Ottawa: Central Chambers

A TORONTO POLICY

(St. Catharines Standard.)

The Sault Ste. Marie Star, in a vitriolic attack on Hydro-Radials as beneficial only to Toronto, declares that Algoma is suffering from "absentee landlordism." That seems rather rough on the Sault member for the legislature, the man who beat Sir William Hearst.

Financial statement of Pullman Co. as of July 31, 1921, filed with the Interstate Commerce Commission, shows total assets and liabilities of $163,248,989, compared with $195,311,967 on corresponding date in 1920. Profit and loss surplus was $20,199,255, against $23,678,091, and cash was $20,086,452, compared with $25,596,562 in the preceding year.

Forty Attractive Government and Municipal Bonds

In view of the pronounced shortage of high grade bonds, our new bond list, which offers a selection of forty Government and Municipal bonds, should prove of unusual interest to investors.

This list includes several Provincial issues as well as a number of attractive long and short term bonds issued by substantial Ontario Municipalities.

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combining the manufacturing skill and resources of the English Electric Company of Great Britain—the largest concern of its kind in the British Empire—and the Canadian Crocker-Wheeler Company, Limited, is in an exceptionally strong position.

This Company possesses all the requisites of a sound industrial investment.

We unreservedly recommend the 8% Cumulative Preference Stock of the English Electric Company of Canada, Limited, carrying with it a bonus of 40% Common Stock, as an investment that will stand the test of the most thorough investigation.

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Buy GOOD Bonds Now

Bonds are scarce

There is an actual shortage of good bond issues on the market at the present time. The exceptional investment demand and the diversion to the American market of practically all of the larger issues has made it difficult to obtain the best bonds. We are glad to be able to offer such a good list of bonds.

The upward swing of bond prices will continue. It is the considered judgment of all financial observers that the level of bond prices will be higher a year from now than it is to-day. Select your investments from this list. Prices on application.

DOMINION OF CANADA
Victory Loan. All issues. 5½%. At market.

PROVINCIAL
Province of Ontario. 6%. Due 1935.
Province of Ontario. 6%. Due 1930.
Province of Alberta. 6%. Due 1941.

MUNICIPAL
$140,000 County of Simcoe. 5½, 6 and 6½%. Due 1922-1948. (Guaranteeing Town of Barrie.)
17,000 Province of Ontario. 6%. Due 1922-1951. (Guaranteeing Township of Carnarvon.)
33,000 Town of Georgetown. 6%. Due 1923-1942.
11,500 Village of Waterdown and E. Flamboro Schools. 5½%. Due 1934-1938.
8,600 Township of Etobicoke. 6%. Due 1922-1938.

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Sir David Watson
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NEWS OF THE BOND MARKET

REGINA BENEFITS FROM THE CHANGE IN RATE ON N. Y

Surplus of $40,000 Results From Exchange Improvements

WHERE BONDS HELD

Canadian Investors Are Holding 55 Per Cent. of the City's Issues

From Our Own Correspondent.

REGINA.—Resulting from the decline in the premium on U. S. funds, the city finds a surplus accruing from sinking fund investments. This surplus has already reached a total of $40,000 and is still climbing.

The surplus, which promises to aggregate a very large sum before the termination of the investments, results from the policy inaugurated at the time when fluctuations of exchange first proved an unsettling influence in the bond market. The city of Regina, like many other Canadian cities and municipalities, sold a large proportion of its securities payable in U. S. funds. At the time the commissioners insisted upon provision being made for interest and principal payments in U. S. funds reckoned at a high premium.

Under provisions of the City Act, cities and municipalities in Saskatchewan are empowered to use surplus earnings from sinking fund investments for current purposes, with the approval of the Local Government Board. The commissioners, however, have taken the position that although exchange conditions appear more favorable, and though the depreciated Canadian dollar shows signs of reaching parity with U. S. currency, the general quietness in business provides a new feature for consideration. This is, provision of a reserve against possible default in interest accruing from sinking fund investments.

At the present time, 75 per cent. of sinking fund investments for the City of Regina, are in Saskatchewan municipal bonds, about 15 per cent. in provincial government telephone debentures and other utilities' issues and 10 per cent. in farm mortgages.

The bonded debt of the city at the present time is approximately $10,000,000. Of this, Canadian investors hold bonds in the ratio of about 55 per cent.: British investors 25 per cent. and U. S. investors, 20 per cent.

QUEBEC BOND DEALERS

Association Formed with Montreal And Quebec Executives

MONTREAL—The newly organized Bond Dealers' Association of the Province of Quebec held its first meeting in Quebec on January 10. The By-Laws were adopted and the following officers elected:

Provincial Board—L. G. Beaubien, of Beaubien & Co., president; Rene Dupont, of the Municipal Debenture Corporation, 1st vice-president; J. F. Boulais, of Versailles, Vidricaire & Boulais, 2nd vice-president; E. C. Vindricaire, of Versailles, Vidricaire & Boulais, J. H. Boisvert, of the Provincial Securities Co., and Eimle Gravel, of Le Credit Canadien, directors.

Montreal Executive—J. F. Boulais, president; E. C. Vidricaire, Emile Gravel, J. W. Simard, of the Municipal Debenture Corporation, and A. Stuart McNichol, of Beaubien & Co.

Quebec Executive—Rene Dupont, president; J. H. Boisvert, Arthur Amos, of the Anglo-French Credit Co., L. T. Desrivieres, of Beaubien & Co., and Courtland Fages, of Le Credit General.

The new organization is understood to have arisen out of discontent with an alleged lack of regard for the French-Canadian members on the part of the Canadian Bond Dealer.

ONLY TEMPORARY RELIEF

No Permanent Help From Outside Borrowing

In dealing with business conditions the annual report of the Banque d' Hochelaga, attributes the noticeable improvement in exchange with the United States to the decrease in our imports and the absorption by American financiers of Canadian securities estimated at $200,000,000. "This exodus of our best municipal and Government bonds is not an unmixed blessing," it is declared, "as while it tends to facilitate our purchases of indispensable products, such as anthracite and cotton, by reducing the rate of exchange, it increases our foreign indebtedness and therefore constitutes but temporary relief. We should repeat after the Prime Minister of England: 'Happy are the nations whose public and private debts are carried by their own countrymen.'"

On December 31, last, Studebaker closed the most successful year in its history. While final figures have not yet been tabulated, gross for the year will show approximately $95,000,000. The company sold about 66,500 cars.

MOUNT ROYAL HOTEL

Bond Issue Successfully Floated in The American Market

The announcement by W. A. Mackenie & Co. of the sale in the United States of the entire first mortgage bond issue of $4,000,000 in connection with the Mount Royal Hotel, now under construction at Montreal, is interesting both as a financial transaction and because it largely disposes of the question of raising capital in connection with the proposition. It means that about 70 per cent. of the financing of the project has now been completed and smooths the way to the marketing of the other securities. It is explained that the issue has been taken up by a large institution for investment purposes.

Construction progress is right up to schedule and the contractors are confident of being able to maintain this record. The erection of steel is well under way and all important contracts for interior equipment have been awarded.

INTEREST RATES DOWN AND BOND PRICES UP

Bonds Are Steady in Times of General Business Depression

"Call money dropped to 3½ per cent." "Bond prices rose during the day."

These two quotations from despatches from New York indicate the close relationship that exists between bond prices and money rates. Money rates have declined from very high levels at about the same rate that bonds have advanced. The declining money rates have, of course, preceded the bond advance.

It is another point in the situation that now exists. When business conditions are depressed, and the speculative element is out of the security markets and money rates are falling bond prices alone hold their own and moreover have a tendency to rise.

PRESENT BOND PHASE IN FINANCIAL CYCLE

If Economic Theories Are Right Preferred Stocks Rise Next

Economic cycles have been much discussed of late. Economists say business and finance are merely following out definite courses that have their precedents in similar periods in the previous history of the world.

One financial man has worked out the successive phases of the economic cycle as follows:

1. Falling bond prices.
2. Falling land prices.
3. Falling commodity prices.
4. Falling land prices.
5. Falling money rates.
6. Rising bond prices.
7. Rising stock prices.
8. Rising commodity prices.
9. Rising land prices.
10. Rising money rates.
11. Falling bond market, etc.

According to this writer we are now somewhere between number 5 and number 7.

While conditions in a new country such as Canada are affected by many influences that are not so dominant in the older nations something akin to such an economic cycle seems to be demonstrating itself. We have now rising bond prices and rising stock prices are already shaking themselves.

OUTSTANDING BONDS

Total of outstanding bonds of Canadian companies reporting to the Secretary of State under the Dominion Companies Act is $620,566,167. Telegraph and railway are not included.

Total authorized capital of these companies is $2,877,629,840. Common stock issued is $1,639,762,547; preferred stock $340,471,205; bonds authorized $753,702,108 and bonds issued $620,566,167.

U. S. BOND MARKET STILL ABSORBING CANADIAN ISSUES

Alberta and New Brunswick Choose New York Tenders

WEEK'S BOND SALES

Town of Barrie Sells County Guaranteed Issue to the Municipal Bankers' Corporation

The highest price received for any bond issue of Canadian payment in about two years was received for a $500,000 6 per cent. 40 year Ontario Hydro-Electric System issue, guaranteed by the Province, and sold this week to Wood, Gundy & Co., and A. E. Ames & Co. at 107.65, 5.52 per cent. basis.

The tenders were:

Wood, Gundy & Co., and A. E. Ames & Co.	107.65
G. A. Stimson & Co.	107.531
R. C. Matthews & Co., R. A. Daly & Co., and McLeod, Young, Weir & Co.	107.270
Canada Trust Company	107.22
Dominion Securities Corporation and A. Jarvis & Co.	107.03
Housser, Wood & Co., Dominion Bank and Osler & Hammond	107.02
National City Company	106.63
Dyment, Anderson & Co., and C. H. Burgess & Co.	106.41
Canada Bond Corp.	106.218
Gairdner, Clarke & Co.	106.11
United Financial Corp.,	104.84
Municipal Bankers' Corp.	104.599
Hanson Bros. (Montreal)	104.15
C. R. Clapp & Co.	103.22
Mackenzie & Kingman (Montreal) and H. B. Robinson & Co.	102.20

Alberta sold $3,840,00 of 5½ per cent. twenty-five year bonds to the Dominion Securities Corporation and Diloln Read Co., at 102,666. The bonds are payable in the United States.

The tenders received were as follows:

Payable in New York

Dominion Securities Corp. and Dillon Read & Co.	102.666
Wood, Gundy & Co.	101.54
A. E. Ames & Co.	101.513
R. A. Daly & Co	100.95
Aemilius Jarvis & Co.; Canada Bond Corp.; C. H. Burgess & Co.; McLeod, Young, Weir & Co.; Nesbitt, Thomson & Co., and Gairdner, Clarke & Co.	100.82

New Brunswick to U. S. A.

New Brunswick also asked alternative tenders on bonds payable inCanada and the United States and sold the issue in the American market. This issue consisting of $1,890,000 of 5½ per cent., 10 year bonds payable in Canada and New York was sold to the United Financial Corporation at 102.267. The highest bid for 5½% 5 year bonds payable in New York was 102.225 from Miller and Co., and Brandon, Gordon and Waddell and for 6% 5 year bonds payable in Canada only 100.249 from the Municipal Corporation.

Municpal Bankers' Buy Issue

Barrie bonds, guaranteed by the County of Simcoe, to the amount of about $140,00, have been.. purchased by the Municipal Bankers Corporation. This is the same issue for which tenders were rejected some weeks ago.

The bonds included $56,853 of 30 installment 6's; $74,815 of 30 installment, 6½'s and $8,230 of 10 installment, 6's and the price paid was 100.18. At this price the funds cost the county slightly over 6 per cent.

A Mimico Bond Sale

Mimico disposed of $50.500 of 6 per cent. 20 and 30 installment bonds to A. H. Burgess & Co., at 99.7. For the same issue Wood Gundy & Co. bid 98.17.

W. A. Mackenzie & Co. High

Niagara Falls has sold $26.600 of 60% 20 year bonds to W. A. Mackenzie & Co. at 100.762 a 5.94% basis. The tenders were:

Payable in Canada Only

A. Jarvis & Co	98.21
Wood, Gundy & Co.	97.55
Dominion Securities Corp.	97.421
R. A. Daly & Co.	96.42
A. E. Ames & Co.	96.41
W. A Mackenzie & Co.	100.762
R. C. Matthews & Co.	100.52
McLeod, Young, Weir & Co.	100.20
Wood, Gundy & Co.	99.69
C. H. Burgess & Co.	99.37
United Financial Corp.	98.92

FINANCING BY BONDS POPULAR METHOD

Investment Demand Means Fewer Stock Issues Can Be Placed

In 1919 and 1920 stocks were in favour. During the latter half of 1921 and at the present time bonds are in demand. Unfavorable business conditions seldom react against the bond market. On the other hand a period of readjustment following inflation usually brings a strong investment demand that grows as the real capital is released from the mass of paper securities that the inflation period brings with it.

In Canada and the United States stock issues were numerous in 1919 and 1920. The demand for stocks reached such proportions that many issues were floated with ease that could not be sold under normal conditions. The investment demand of the past year has turned the trend of financing from stocks to bonds. Figures compiled indicate that while the amount of new financing of railroad and industrial corporations in the Uuited States was $470,000,000 less in 1921 than in 1920 the amount of new bonds issued by these companies was over $800,000,000 more. The figures as compiled by the New York Journal of Commerce are as follows:

RAILROADS

	1921.	1920.	Change.
Bonds	$650,931,000	$258,505,300	+$392,426,300
Notes	62,480,400	145,954,200	— 83,473,800
Stocks	34,586,900	11,475,000	+ 23,111,900
Total	$747,998,900	$415,934,500	+$332,064,400

INDUSTRIAL CORPORATIONS

	1921.	1920.	Change.
Bonds	1,164,978,400	$754,943,000	+ 410,035,400
Notes	302,066,200	790,331,200	— 488,265,000
Stocks	419,825,400	1,145,721,800	— 725,896,400
Total	$1,886,870,000	2,690,996,000	—$804,126,000
total	$2,634,868,900	3,106,930,500	—$472,061,600

BOND MOVEMENTS OF THE WEEK

Latest Price Week Ending Jan. 17.

BONDS—	Int. Rate.	Due. Year.	Yield.	Range 1921. High.	Range 1921. Low.	Range 1922. High.	Range 1922. Low.	Ask.	Bid.	High.	Low.
Asbestos	5	1942	6.80	80	73	80	..	80	..	80	..
Can. Bread	6	1941	6.93	90½	82	90	88½	91	90	90	89
Can. Cement	6	1929	6.97	95	89	97	94	..	95	94	..
Cons. Rubber	6	1946	6.83	90	84	90	88	..	90	90	..
Ced. Rapids	5	1953	5.17	97	86	97½	94	97½	97¼	97½	97
Dom. Cotton	6	1922	7.05	99¾	96	99	..	100	99	99	..
Dom. Textile	6	1925	6.55	98	92	98	..	..	98	98	..
Lyall Cons.	6	1932	8.89	79	68	79	..	79	..	79	..
Montreal Dec. '22	6	1922	2.00	108	104	104¼	101	104	..	104	..
Quebec Rly.	5	1939	8.60	68	59	66½	65½	..	66	66¼	65½
Steel of Can.	6	1940	6.22	98¼	88½	98½	97½	98½	98	97½	..
Wayagamack	6	1951	8.30	78¼	69½	76	71¾	..	73½	74	73
War Loan (1925)	5	1925	5.67	96.00	92.00	98.00	96.10	....	97.50	98.00	97.00
Do., (1931)	5	1931	5.30	96.60	90.05	98.00	96.25	....	97.70	98.00	97.15
Do., (1937)	5	1937	4.90	102.50	94.50	101.00	99.50	101.00	100.80	101.00	100.00
Victory (1922)	5½	1922	5.70	99.55	96.62	99.85	99.10	99.85	99.80	99.85	99.10
Do., (1923)	5½	1923	5.76	99.50	95.50	99.50	98.75	....	99.50	99.50	98.90
Do., (1924)	5½	1924	5.97	98.50	94.25	98.90	98.00	99.00	98.95	98.90	98.20
Do., (1927)	5½	1927	5.30	101.00	95.25	101.00	99.80	....	100.80	101.00	99.80
Do., (1933)	5½	1933	5.26	101.80	95.12	102.20	101.25	102.20	102.10	102.20	101.60
Do., (1934)	5½	1934	5.56	99.43	92.25	99.50	98.30	99.50	99.40	99.50	98.35
Do., (1937)	5½	1937	5.13	104.00	96.50	104.00	103.30	104.05	104.00	104.00	103.30

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To arouse this spirit—cultivate and protect this class, as well as to supply the exacting service demanded by experienced investors—this company has been formed. Its purpose is to offer expert guidance in investing, to purchase or sell securities, and to offer approved securities of sound Canadian enterprises, that meet the high standard required by the company.

The first and foremost consideration in any security offered will be "Safety of Principal"; secondly, adequate profits. The fact that a security is offered by this company assures to investors, not only safety, but the **full** earning power of their money.

Education is the fundamental necessity, which, assisted by proper legislation, will be the great force in directing the savings of the community **back** into productive channels.

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It is essential that you have a constant record before you of the securities that you hold. The number of your Bonds, the date interest is due, maturity dates, etc.
To assist you, we have ready for distribution a leather-covered Bond register, just the thing to keep an accurate check on your holdings.
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To Yield From
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DEBTLESS IN 20 YEARS

Prospect Premier Tascherau Holds Up to Quebec

The hint that the Province of Quebec may proceed to wipe out its debt by profits on liquor sales was contained in an address of Premier Tascherau in the provincial house.

Quebec was making a profit of $4,000,000 a year on liquor sales under government control. He proposed that $1,000,000 of this should be used by the provincial treasurer to extinguish existing debt. As the total gross debt was $51,000,000 or $23,000,000 if good roads debt were excluded the net debt could be wiped out in about twenty years by this method.

CIVIC AND PROVINCIAL FINANCE

TAX COMMISSION IS RECOMMENDED IN SASKATCHEWAN

Lead of Manitoba and Alberta Being Followed

FOR EQUALIZATION

Board of Inquiry Suggests Solution of Problem of Levying Public Revenues Tax

Recommendations for a fairer distribution of the Public Revenues Tax of the Province of Saskatchewan are contained in the report of the commission appointed to investigate the subject. The inquiry board suggests the appointment of a Tax Commission as a branch of the department of municipal affairs to exercise general supervision over the administration of the assessment laws of the province and act as a board of equalization.

This suggestion was made because it was found that the present system of levying the tax does not insure its fair and equitable distribution between the cities, towns, villages and rural municipalities.

It is recommended too that the new assessments be based upon the actual value of land and 60 per cent. of the value of buildings in both rural and urban municipalities with provision for the assessment of business concerns. It is estimated that on this basis, the assessment of the province would be as follows:

Rural Municipalities	$953,000,000
Unorganized Districts	33,800,000
Cities	134,000,000
Towns	54,500,000
Villages	47,700,000
	$1,223,000,000

The total of $1,223,000,000 compares with the total base for 1920 of $997,000,000 and on this new valuation the tax would need to be only one and two-third mills to bring in approximately the same revenue as the former two mill tax. The proportion of money to be collected from farming areas would be somewhat reduced.

The commission of inquiry which has been meeting since July 6 last consisted of George Armstrong, Wild Lands Tax Commissioner, chairman; City Commissioner L. A. Thornton, Regina; O. J. Godfrey, of Indian Head; R. J. Moffatt of Bradwell and J. J. Lamb of Ogena.

SASKATCHEWAN GOV. DEFINES POSITION

Cannot Accept Financial Responsibility For Municipal Defaults

From Our Own Correspondent

REGINA.—The official attitude of the Saskatchewan government in regard to municipalities which default in the payment of interest or principal for bonds or debentures, has been defined by Hon. Charles A. Dunning, provincial treasurer.

Mr. Dunning states that the government can accept no financial responsibility in ratifying any arrangement which the municipality concerned may conclude with its creditor bondholders. The only assistance possible on the part of the government, would be the provision of machinery to bring debtor municipalities and creditor bondholders together.

The announcement has a direct bearing upon the affairs of several points in the province, notably Swift Current where a complicated situation has resulted from the plebiscite held on a certain agreement concluded between the 1920 city council and the banks.

The Canadian Bank of Commerce and the Union bank in the city in question have issued writs to enforce payment of monies advanced in connection with the financial arrangements sought in the way of easement of taxation. The writ issued by the first named institution is for $245,000.

The bank took action after the defeat of the tentative agreement between the creditors and city council of 1921. This agreement provided for a certain easement of taxation and payment of bonded indebtedness for a period of five years. The agreement, at the time it was arranged, was considered quite satisfactory but a change of heart took place and on a vote taken January 6, the agreement was rejected.

Advice had been given that the creditors could not take charge of the city's affairs, appoint a receiver and take steps to collect monies owing from various sources without the creditors specifically petitioned the Local Government Board.

This discovery has caused the city officials to ask special amended legislation and costly prolonged litigation is forecast.

Non-Participation In Civic Affairs Dangerous Policy

If Business Men Do Not Get Out and Vote Those Who Have An Axe to Grind Most Certainly Will

By HORACE L. BRITTAIN,
Managing Director Toronto Bureau of Municipal Research and Citizens' Research Institute of Canada.

Until comparatively recently the average citizen seems to have been quite satisfied with the measure of control he had over municipal expenditures. Recently a shadow has passed over the bright sky of his dreams. Sometimes the shadow was sufficiently ominous to arouse him from his slumbers. In other cases it did no more than make him talk in his sleep. But more taxpayers than ever before are aware of the necessity of taking a more direct part in the control of both current and capital expenditures, and still more are due for a rude awakening.

The chief instrument for the control of the civic expenditures is, or should be, the annual city estimates or budget. In actual practice, the estimates frequently are not passed by the Municipal Council until after a period varying from six weeks to twenty weeks has elapsed, i.e. not until after 12 per cent. or 4 per cent. of the year's expenditures have already been incurred. As the only time to control expenditure is before it occurs, it is difficult to see what justification there can be for the common practice. Operating anything without a definite plan is expensive under any conditions, and that is what operating without a budget means, as a budget is simply a plan of expenditure and of revenue raising. Unfortunately the revenue raising side is the only one which has attracted any interest in many municipalities. It is encouraging to note that several Canadian cities have found it possible to pass the estimates and strike the tax rate within the first few weeks of the year. But the passing of the budget early in the year is not sufficient to give the taxpayers adequate control of expenditure. It simply gives the council an opportunity for effective control. The people will never secure direct and adequate control until the annual estimates are made available to the taxpayers through the press or otherwise, before the beginning of the year whose operations the budget covers, so that there may be a subject of public discussion and inquiry during some weeks preceding the civic elections. It has been said that this would put a premium on extravagance as the citizens would support the candidates from each ward who would agree to spend most money. That may have been true of the spacious days when tax rates did not flourish and per capita expenditures had not attained Brobdingnagian size, but it is hardly likely to be true now, especially if the draft budget contains the proposed tax rate. The abolition of the ward system of election, wherever this reform has not already been achieved, would operate still further to minimize the likihood of getting popular support for extravagant expenditures.

Municipal elections are now frequently decided on issues entirely unconnected with municipal business. Why should they not be decided on the basis of the civic business? Personalities may get a man elected or keep a man from being elected, but they can hardly reduce the tax rate. The tax rate is neither a Liberal nor a Conservative, neither English nor Irish, neither Protestant nor Catholic, neither Orange nor Hibernian, neither Liberty League nor Prohibition. As the striking of the tax rate is simply the final act in the process of deciding public policies during the year, why should not the people upon whom the tax rate is imposed take an effective part in the early stages of the process? Is there a fear that the proceedings might be too interesting or perhaps too embarrassing for candidates who shrink modestly from stating their actual views for fear they might have to live up to them, or explain the reason why? Just what is wrong with the outgoing council preparing the tentative budget for the succeeding year, having it printed and distributed as a basis for public discussion, and passing it on to the incoming council for consideration, amendment and final adoption?

After the new council has once been elected and the estimates have once been passed, direct control of expenditure is in the hands of the council. If the citizens are to exercise even indirect control it must be through the council. The extent of this control depends on the calibre of men in the council and the calibre of men in the council depends on the calibre of the citizenship of those who elected them.

Business men frequently complain that they have no influence in civic affairs. When this is true it is due either to non-participation in voting, or to a still more serious thing, non-participation in nominating candidates. The men who select the candidates are more likely to have their opinions adopted than men who simply make selections from the candidates that others bring forward.

The business man, like every other citizen, if he is to have weight in civic affairs, must "get into the game." He must take his part in ward associations, ratepayers' associations, and other voluntary organizations of citizens and he must make his voice heard in their deliberations. He must be an active citizen 365 days in the year, not simply on election day and tax paying days. He must resort to shirt-sleeve methods, acquire a thicker skin and learn to be a mixer in community affairs. Whether he does or not, the fellows who have axes to grind will. They will spend his tax money and he will have no legitimate complaint if they do. The men who nominate, vote, think and express their thoughts, in the long run, will be effective in influencing civic expenditures. Pacificism in civic politics is a dangerous policy.

Tenders and By-Laws

TENDERS WANTED

Jan 21, Moose Jaw.—$29,812 6½ per cent., 5 year debentures, Geo. D. Mackie, City Commissioner, Moose Jaw.

Jan. 31, Municipality of Rockwood.—$50,000, 6 per cent. Good Roads debentures. Issued in sets running 1 to 28 years. V. W. McFarlane, Sec.-Treas., Stonewall, Man. (See announcement on page 16.)

Feb. 28, R. M. of Morton.—$58,300, 6 per cent., 30-year Good Roads debentures. G. C. Smith, Sec.-Treas., Municipality of Morton, Boissevain, Man.

Jan. 24, Jonquiere, Que.—$180,000 6 per cent. debentures, due from 1922 to 1931.

Brantford has under construction works costing $222,000, for which debentures have not been issued. Capital expenditures to the amount of $500,000 have been authorized but the construction has been deferred.

SASKATCHEWAN

The following is a list of authorizations granted by the local government board from December 30 to January 7:

Rural Telephones.—Invermay, $15,300; North Admiral, $2,800; Vineberg, $1,600; Lenora Lake, $4,200.

The following is a list of debentures reported sold from 31st December to 7th January:

Schools.—Bordervale, No. 4230, $1,200, 10 years, 8 per cent, Mrs. L. G. McCasick, Bordervale. Crosswoods, No. 1902, $1,500, 10 years, 8 per cent, C. C. Cross & Co., Regina. Macworth No. 4118, $1,100, 10 years, 8 per cent., Waterman-Waterbury Mfg., Regina. Brandview No. 2408, $950, 10 years, 8 per cent, W. Rudeen, Eskbank. Surbiton, No. 3071, $600, 10 years, 8 per cent, A. McDonald, Surbiton. Krivoshein, No. 24, $1,000, 8 years, 8 per cent, C. C. Cross & Co., Regina.

Rural Telephones.—Winter, $5,250, 15 years, 8 per cent, T. P. Taylor, Regina. Piapot Reserve, $151, 15 years 8 per cent, Messrs. Nay & James, Regina. Valbrand, $15,750, 15 years 8 per cent, F. Somerville, Regina.

The following is a list of authorizations granted by the local government board from December 24th to December 31st, 1921.

School Districts—Jasmin, $750.

Rural Telephones—McMillan, $9,100; Incora, $1,500.

The following is a list of debentures reported sold from December 24th to December 31st, 1921.

School Districts—Alluvia, 1924, $600, 10 yrs., 8 per cent., Supt. Neglected Children, Regina; Osland, 4394, $3,500, 15 yrs., 8 per cent., Nay and James, Regina; Clinton, 507, $5,000, 2$ yrs., 8 per cent., Waterman-Waterbury Company, Regina; Queen's County, 4429, $4,000, 10 yrs., 8 per cent., Waterman-Waterbury Company, Regina; Atlas, 2806, $500, 5 yrs., 8 per cent., George Moorhouse, Regina; Cliffe, 2242, $1,100, 10 yrs., 8 per cent., C. C. Cross and Co., Regina.

Rural Telephones—Good Hope, $2,700, 15 yrs., 8 per cent., C. C. Cross and Co., Regina; Alida, $600, 15 yrs., 8 per cent., C. C. Cross and Co., Regina.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

DATE—	PLACE—	SOLD TO—	Rate	Terms	Amt.	Price	Basis
Jan. 17	Barrie	Municipal Bankers	5½, 6, 6½	10-20 in.	$139,898	100.18	
Jan. 7	Saskatchewan Schools	See above			6,350		
Jan. 7	Saskatchewan 'phones	See above			21,401		
Jan. 12	Grand Mere, P. Q.	McLeod, Young, Weir & Newman, Sweezey & Co.	6 %	30 yrs.	90,000	100.76	
Jan. 17	Niagara Falls	W. A. Mackenzie & Co.	6 %	20 yrs.	26,600	100.762	5.94
Jan. 17	Mimico	C. H. Burgess & Co.	6 %	20 & 30	50,500	99.17	
		PROVINCIAL					
Jan. 16	Alberta	Dominion Securities	5½%	25 yrs.	3,480,000	102.666	*
Jan. 16	New Brunswick	United Financial Corp.	5½%	10 yrs.	1,890,000	102.267	*
		CORPORATION					
Jan. 16	Mount Royal Hotel	W. A. Mackenzie & Co.			4,000,000		*

*Payable in N. Y.

Diversified Investments
The proper diversification of investments is a matter which should engage the serious attention of the investor. Select such issues as will give most substantial return with the greatest average degree of safety.
We can help you. Let us send you our suggestions.
21
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Members of Toronto Stock Exchange
INVESTMENTS
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"GOOD INVESTMENTS"
is an apt description of the well secured Government, Industrial and Municipal Bonds which we are now offering.
These Bonds are priced most attractively and offer an interest yield of from 5½ to 8% over a period of years.
May we tell you more about them?
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High Grade
Quebec Municipal
and
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also
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Have Your Bonds Increased in Principal Value Recently?
If you held stocks you would probably look at Stock Exchange quotations each day—and trade when it was profitable to do so.
Why not keep as well posted on Bond prices. Send us your name and we will forward to you our Current List of Bond prices every two weeks. This should help you to judge when it is good to buy and to sell. Address
R. A. DALY & Co.
BANK OF TORONTO BUILDING
TORONTO

THE CANADA TRUST COMPANY
Province of Quebec
5½% BONDS
due
1st DEC., 1936
Price on Application
CANADA TRUST Co.
14 KING ST EAST TORONTO
HUME CRONYN - J. R. MITCHELL
Gen. Manager Mgr Bond Dept

Sun Life Assurance Company of Canada
Head Office: Montreal
Assurances in Force - $500,000,000

MERCHANTS CASUALTY COMPANY
Our Premier Policy is unlimited and without restrictions. Covers all diseases and all accidents. Full information on request.
T. H. McWhirter, Prov., Manager,
Royal Bank Bldg.
Automobile Insurance at Non-Tariff Rates.. Full Coverages.
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GENERAL AGENTS

BRITISH COLONIAL
FIRE INSURANCE COMPANY
MONTREAL
Canadian—Strong—Progressive
General Fire Insurance Business Transacted
Theodore Meunier, Manager

The Independent Order of Foresters
Organized 1874
TOTAL BENEFITS
Paid to Members and their Beneficiaries
$74,000,000.00
POLICIES ISSUED FROM $500 TO $5000
G. E. BAILEY, Secretary — W. H. HUNTER, President — G. R. COTTRELLE, Treasurer

THE
CANADA NATIONAL FIRE INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, MAN.
A Canadian Company Investing Its Funds in Canada
APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. — W. H. George, Superintendent of Agencies

Interesting Facts concerning the Mutual of Canada
The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.
EQUITABLE - DEMOCRATIC - ECONOMICAL
THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA
WATERLOO - ONTARIO

INVEST YOUR SAVINGS
In a 5½ DEBENTURE of The Great West Permanent Loan Company
5½% Interest Return
SECURITY
Paid-up Capital $2,414,663.00
Reserves 1,100,000.00
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HEAD OFFICE, WINNIPEG
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Shield your wife from worry about the future with an
IMPERIAL MONTHLY INCOME POLICY
The IMPERIAL LIFE ASSURANCE CO. OF CANADA
HEAD OFFICE TORONTO

When selecting a Trust Company as an Executor, choose one whose fixed policy is to give
FINANCIAL ASSISTANCE
to Estates being administered by it
PAID-UP CAPITAL AND RESERVE.......... $1,212,725
The Imperial Canadian Trust Co.
EXECUTOR, ADMINISTRATOR, ASSIGNEE, TRUSTEE ETC.
HEAD OFFICE: WINNIPEG
BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY
VANCOUVER AND VICTORIA

INSURANCE AND REAL ESTATE

COLLECTIONS ARE $188,000 OVER PREVIOUS YEAR

Canada Life Has Favorable Experience in Western Canada

A SURVEY BOARD

Governments Take Steps to Ameliorate Conditions of Districts Especially Hard Pressed

The western situation is causing apprehension to loaning institutions, but the experience of the Canada Life Assurance Co., according to President H. C. Cox, was particularly satisfactory in the past year. In his address to the shareholders he pointed out that the company had been extremely "well and happily advised" since the inception of its loaning operations and has in consequence, "extremely few if any loans in the districts which have proven so undesirable alike for the farmer and the investor."

Continuing he said that the banks and lending institutions have on the whole done everything to minimize the hardship of the individual who has suffered complete or partial crop failure. The dependable conservative customer has been enabled to carry on, he added, and the well-intentioned borrower is not being unduly hard-pressed.

Treasurer E. M. Saunders supplemented the president's statements regarding the outlook in the west, and his remarks were of an especially encouraging character.

The company's interest collections on mortgage business for the year were $188,000 ahead of the previous year. Principal repayments, in addition had been of an encodraging volume. The governments of the western provinces were thoroughly alive to the situation and were taking steps to alleviate as far as possible the condition of those farmers who were especially hard-pressed. The governments and especially that of Alberta, through a survey board had conferred with the Dominion Mortgage and Investments Association and the bankers. As a result of these negotiations he had no doubt that steps would be taken to ameliorate the condition of those portions of Western Canada where crop failures have been continuous for the past few years.

Insurance and Succession Duties

Emphasizing the value of life insurance as a means of safeguarding estates from the heavy encroachments of succession duties, President Cox, pointed out that insurance was the simplest and surest way to provide the needed reserve fund to meet these duties, so that the estate could be passed on without loss or delay to beneficiaries. The records of trust companies and the executors of estates can show many instances, he added, where valuable securities, real estate and other holdings of the decedent have of necessity been sold at a loss to provide the fund required to meet succession duties.

He commented upon a very common and a very unfortunate situation as follows:

A large proportion of estates in Canada are left without available cash funds to pay the Provincial Succession Duties. Where no provision is made for sufficient ready cash, the administration of the estate is necessarily delayed until the required funds to pay the duties have been obtained by the sale or by mortgage of the estate. It very often happens that this cannot be done within a reasonable time without a considerable sacrifice of value, and often it causes inconvenience and trouble to the beneficiaries.

A life insurance policy of sufficient amount will not only clear off these tax obligations, but meanwhile, during life, will safeguard home, business and personal interests.

OPPOSES LIEN REGISTRATION

C. M. A. Satisfied With The Working of Present System in Ontario

A suggestion from the sheriffs of the province of Ontario that it be required that all manufacturers' lien notes be registered, submitted to the Public Service Commission of the Province, has drawn a protest from the Canadian Manufacturers' Association, and a number of selling agencies. At the time the suggestion was placed before the commission the legal department of the Canadian Manufacturers' Association brought the matter before its Ontario representatives and instructions were given to oppose the proposed change. Representative bodies thereupon appeared before the commission, and presented a brief on behalf of the manufacturers submitting that "the law as it stands has worked well since 1889 in that it has made possible the freest buying and selling of manufactured goods, which it is maintained is more important than the protection of third parties or the convenience of the sheriffs or bailiffs."

MAPLE LEAF MUTUAL

Has Largest Fire Loss on Record — Steadily Expanding

With the heaviest fire losses on record the experience of the Maple Leaf Farmers' Mutual Fire Insurance Co., with head office at Oshawa has been fairly typical for the year 1921. The company paid out during the last fiscal year the sum of $40,047 to cover fire losses, and since its inception 26 years ago the company has paid out $232,428. It now has 4,769 farmer policy holders, and the amount of insurance in force is $10,242,775. President Hon. W. Smith, ex-M.P., pointed out to shareholders that the company was in first-class shape and was steadily expanding. The year's expenditure was $50,575, while the assets amounted to $243,120.

INTEREST ARREARS HEAVIER THAN USUAL

Condition of Temporary Difficulty in West—National Co-operation Urged

J. F. Weston, managing director of the Imperial Life, touched upon the western situation as it affects the loaning institutions, in his annual address and urged the necessity of national co-operation in correcting the present difficulties. He pointed out that the life insurance companies had invested freely in the mortgages on western lands almost from the beginning of development in the west, and the fact of these large holdings coupled with the confidence in the fundamental values underlying the securities will cause such companies to mold their policies so as to lend all the assistance possible to the western people to tide them over the depression which now exists.

The company's investments in western lands, Mr. Weston added, had been eminently satisfactory throughout the history of the company. At the present time ,however, arrears of interest are heavier than usual, but the condition was not unexpected in view of the adverse crop conditions. This was but a temporary phase and there was no reluctance, he added, on the part of financial institutions to help to the limit of their ability toward correcting the western situation, for national growth was dependent in large measure upon the prosperity of the west.

Mr. Weston, then urged upon governments, federal and provincial, the necessity of national consideration of the problems affecting not only the west but the Dominion as a whole. That which had disturbed the confidence of those charged with the investment of trust funds more than anything else, he added, had been the tendency of some governments to try and deal with a local situation by interfering with the ordinary safeguards that are necessary to sound finance, such as the all too frequent introduction of moratoria legislation, or threat to introduce it on complaint of the considerable number of mortgagors who make no reasonable effort to live up to their contract.

In the absence of such unwarranted interference, he concluded, there is nothing to prevent the flow of money to the western country in amounts sufficient to enable the sturdy citizens who are working out their destiny there to tide over present crisis and enter again on a period of expansion which is sure to follow the re-establishment of world trade to a normal basis.

MIDLAND LOAN

Higher Profits Earned and Higher Dividend Paid

A material increase in net profits for the Midland Loan and Savings Company is shown in the annual statement recently sent to the shareholders. The total of $50,246 compared with $42,767 in the previous year and $43,607 in 1919. Dividends at a new high rate of 9 per cent. were distributed and $20,000 added to reserves. In the previous year $16-659 was written off bond investments out of earnings. Following are comparative figures:

	1921	1920	1919
Net profits.	$50,246	$42,267	$43,607
Bal. ford..	22,024	28,556	23,749
	$72,270	$71,323	$67,356
Distribution—			
Dividends ..	$32,400	$30,600	$28,800
Reserves ...	20,000	18,699	10,000
Balance ...	19,870	22,024	28,556
	$72,270	$71,323	$67,356

Increased rates on both capital stock and assets were shown as indicated by the following summary:

Year	Paid-up Capital	Profits	Div.	% on Cap.	Earn. Rate
1921	$360,000	$50,246	8+1	13.9	7.2
1920	360,000	42,767	8+½	11.8	6.3
1919	360,000	43,607	8	12.1	6.6
1918	360,000	41,076	8	11.3	6.3
1917	360,000	41,299	8	11.4	6.5

President Thomas Wickett refers to the fact that mortgage payments, both interest and principal were well met during the year while debentures and new loans increased.

Lower prices and depressed business conditions during 1921 evidently worked little hardship for Manhattan Shirt Co., as earnings for the year ended November 30 last, were nearly double those of the previous year.

WHOLESALE PLAN AN ADAPTATION GROUP POLICY

Employers May Insure Workmen Numbering Under Fifty

PERSONAL INTEREST

Association Insurance Can Be Applied to Lodges and Unions —A Diversion of Ordinary Assessments

In order to satisfy the demand for a large number of employers of labor, whose payrolls contain the names of less than fifty workers, and heads of institutions who are seeking some form of protective coverage for their staffs, the Canada Life Assurance Co., has worked out a plan, of "wholesale" insurance, a modification of the group plan, which, however, can be applied to a group of workmen numbering from ten to forty-nine. The ordinary group policy applies only upon a minimum of fifty. Such insurance will have a very wide application in this contry where the majority of industrial concerns and offices have less than fifty on their staffs. With a smaller number of employees there is too the more likelihood of a greater personal interest between employer and employed than in the case of a large concern where the workers are numbered in hundreds and thousands. Up to the present the smaller employer who has wished to do something for his workers and their families in the way of insurance has found it impossible to meet the high costs which individual insurance would entail.

Evidence of Health

The wholesale plan differs in small degree from ordinary group insurance. The insurance company under the new plan reserves the right to ask for evidence of health, whereas under the original plan the coverage applied to a body of workmen or employees without requiring any medical examination whatever, the theory being that in a larger body of workmen, general state of health will likely correspond to the average. maximum amount of insurance that may be taken upon the individual life is $5,000, but the company here under the wholesale plan may limit Under the ordinary group plan the the amount of insurance to any figure under $5.000.

Another adaptation known as "association" insurance, can be applied to members of trade unions or lodges. Here as in wholesale insurance the company may require some evidence of health, and an age limit is placed at 60 years beyond which the cheaper form of policy will not apply. The company deals directly with the lodge or union, which makes an assessment for insurance upon its members. This insurance will merely constitute a diversion of the protection formerly carried by the association itself to the insurance company. The rates vary according to age groups, and the insured upon reaching the age of 60 can change to the regular plan of insurance with the regular premium rates, without however, being required to undergo a medical examination.

MACHINERY POLICY

Provides for Insurance of Engines, Wheel, Steam, Turbines, Etc.

A new form of machinery insurance policy, introduced by the Travellers Indemnity Co., into Canada, provides for the insurance of engines, wheels, steam, turbines, and electrical units. The company agrees to indemnify the assured in the event of an accident for his loss or damage directly resulting to his own property, to the property of others for which he is legally liable, and for bodily injuries to non-employees for which he is legally liable in damages.

The policy provides for the elimination of the personal injury coverage if so desired.

POOR YEAR FOR TRUCK

Decline of More Than Fifty Per Cent. From Previous Year

U. S. Motor truck manufacturers in 1921 experienced one of the leanest years in history of the industry. Production of approximately 145,000 trucks was a decline of 55% from 322,000 in the preceding year. Last year's output was the lowest since 1917 when slightly more than 125,000 trucks were made.

Slump in truck export business was even more pronounced than domestic sales. Less than 8,000 trucks, valued at $11,457,616 were shipped out of the country last year, compared with 29,288, valued at $47,146,470 in 1920. Foreign shipments of trucks in 1921 were the lowest in seven year.

The Western Empire
Life Assurance Company
Head Office: 701 Somerset Bldg., Winnipeg, Man.
Men of proven ability would do well to write for particulars of the Agency Contract the Company is prepared to offer. Several District Managers required to cover exclusive good territory at a number of Western points.
Branch Offices:
Saskatoon Calgary Vancouver
WILLIAM SMITH
Managing Director

British America Assurance Co.
Fire, Marine, Hail and Automobile Insurance
HEAD OFFICE - TORONTO
BOARD OF DIRECTORS: W. R. Meikle, President and General Manager; Wilfrid M. Cox, Vice-President; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - - $4,400,000.00
Losses Paid Since Organization, over - $50,000,000.00

Western Assurance Company
Fire, Marine, Automobile, Hail, Explosion, Riots, Civil Commotions and Strikes Insurance
Incorporated 1851
HEAD OFFICE. TORONTO, ONT.
Assets over - - - $7,900,000.00
Losses paid since Organization - - $81,300,000,000
BOARD OF DIRECTORS: W. B. Meikle, President, Wilfrid M. Cox, Vice-President, Sir John Aird, Robert Bikerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper, (London, Eng.) H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major-Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.

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Twenty Consecutive Years in
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Old Town, Maine — Munsey Building, Washington, D.C.
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Special attention given to Eastern Business
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MORE WORDS "Via Marconi" for LESS MONEY
Marconi messages may now be sent at **Deferred Rates** to numerous points in Europe, Africa, S. America. etc., as well as to the United Kingdom.
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Messages accepted only at Marconi or C.P.R. Telegraph Offices.
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American Bank Note Company
Incorporated by Act of the Parliament of Canada
Engravers and Printers
Bank Notes and Cheques
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Head Office and Works: Ottawa
Branches:
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THREE RIVERS, P.Q.

Manufacturers of Fine White Cotton, also Spinners' Fine Counts of Yarns

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Hydraulic and Steam Power Developments
Industrial Buildings
Heavy Foundations
Dams and Bridge Piers
Underwater Construction

Western Canada Flour Mills Company Limited

A. KELLY, *President* — J. E. MACFARLANE, *Gen. Mgr.*

Head Office: Toronto

Mills at
Goderich, Brandon, Winnipeg, Edmonton, Calgary, Victoria

Daily Capacity—Flour, 10,000 barrels Rolled Oats, 1,000 barrels

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PURITY FLOUR PURITY OATS

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on your car prevents Freezing, saves you Money and means an early start every Morning.

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$100.00 Per Month

An income of $100 per month beginning in five years may be obtained by investing $76.24 of your present monthly income. Let us send you particulars.

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Established 1855

THE C.P.T.Co.

The Trained Executor

There was a time when the greatest compliment a man could pay his friend was to name him the Executor of his Last Will and Testament.

Modern opinion has decided that such a course is kind neither to the friend, nor to those who inherit the estate. The friend is burdened with work to which he is unaccustomed; the estate is often wasted—not by the fault, but by the inexperience of the executor.

The Canada Permanent Trust Company

makes an everyday business of just this kind of work that the amateur executor finds intricate and confusing. It has at its disposal every kind of knowledge and experience that are needed in the Business of being an Executor.

You need not invade your friend's leisure, nor overload his business hours; you need not risk your wife's support or your children's future, by leaving your estate to his inexperience.

Whether your estate is a few thousand of Life Insurance, or a few millions of securities, it will be wisely and economically administered by

The Canada Permanent Trust Co.
Toronto Street, Toronto

Paid-up Capital - - - $1,000,000
Manager, Ontario Branch - *A. E. HESSIN*

LARGER PROFITS FOR THE CANADA PERMANENT LOAN

But Capital and Assets Were Increased Through Amalgamation

INCREASED DIVIDEND

No Need to Add Further to Reserve Which is Already Equal to the Paid Up Capital

With added capital and reserves as the result of the absorption of the London and Canadian Loan and Agency Co., in June last, the Canada Permanent Mortgage Corporation showed increased profits for the year ending December 31st, despite the unsettled conditions prevailing in the mortgage loaning field. The net, after deducting interest on borrowed capital, expenses of management, all charges and losses, together with War Revenue, Dominion Income and other taxes, amounted to $896,366, compared with $854,277 in the previous year and $827,984 in 1919. Dividends at 12 per cent. as compared with 10 per cent. on the larger capital for six months took $780,000 compared with $600,000; however, the reserve, having been raised to $7,000,000, thus equalling the paid up capital, nothing was added to reserve and the balance was increased from $154,770 to $271,136. Following are comparative figures:

	1921	1920	1919
Net profits	$896,366	$854,277	$827,984
Bal for'd	154,770	150,493	172,509
	$1,051,136	$1,004,770	$1,000,493
Distribution—			
Dividends	$780,000	600,000	$600,000
Reserve	....	250,000	250,000
Balance	271,136	154,770	150,493
	$1,051,136	$1,004,770	$1,000,493

Following is a summary of the earnings record for the past six years, showing the effect of the increased capital on the earnings rate for 1921:

Year	Div	% on Cap.	Earnings
1921	12	*13.79	$896,366
1920	10	14.23	854,277
1919	10	13.79	827,983
1918	10	13.73	824,523
1917	10	14.20	852,325
1916	10	14.44	866,126

*$6,000,000 for first six months and $7,000,000 for second six months.

The Balance Sheet

Owing to the amalgamation of the two companies it is rather difficult to make comparisons from the balance sheet. Total assets, however, of $39,077,608 evidently indicate expansion during the year apart from the absorption of the London and Canadian; the assets of the latter have been estimated at $5,000,000 while the total is higher by slightly over $6,000,000 compared with the previous statement. Deposits, which in the previous year had shown some contraction, were larger by $600,000 while sterling debentures, which had also declined in the previous year, were larger by nearly $3,000,000; currency debentures which increased materially during 1920 were, on the other hand, somewhat reduced; debenture stock just about doubled. Mortgages increased nearly $5,000,000 and there was some increase also in real estate and premises. Following are comparative figures:

Liabilities	1921	1920	1919
Deposits	$6,729,651	$6,129,483	$6,206,962
Deb ster	12,547,187	9,642,551	10,244,642
Deb cur.	4,468,116	4,553,765	4,122,278
Deb stock	844,037	427,519	427,633
Sundries	7,480	7,464	2,229
Cap stock	7,000,000	6,000,000	6,000,000
Reserve	7,000,000	6,000,000	5,750,000
Div pay.	210,000	150,000	150,000
Balance	271,136	154,770	150,493
Assets.			
Mort.	$32,994,034	$28,064,269	$26,211,306
Loans	264,070	296,623	404,699
Bonds & Stocks	2,255,399	2,267,344	4,232,768
Real es.	579,595	451,333	228,259
Offices	762,874	732,134	732,135
Cash	2,221,635	1,253,848	1,245,070

At the annual meeting on January 27th there will be submitted a resolution authorizing the division of all the capital on the basis of shares of one hundred dollars, par value, in exchange for ten shares par value of $10 each now outstanding.

SWIFT FACES CONDITIONS

Inventory Cut About $100,000,000 in Two Years

There are few examples in American industrial history of a corporation which has reduced its inventory $100,000,000 in two years. Substantially that is the achievement of Swift & Co. The statement of the big packer for the year to November 5, 1921, is chiefly interesting not from the standpoint of the loss which it reveals of $7,800,000 before dividends, but because of the additional evidence it contains of a deflationary policy strenuously applied.

Reduction of inventory has not been exclusively through sales. Swift has had big inventory losses, but the management believes these have now been completely written off. The $26,600,000 reduction in surplus account in the past two years, brings the protection for stock down to $61,700,000, but at that it equals more than $40 a share on the $150,000,000 stock.

TO RESIST WAGE CUT

Employees of Hamilton Street Railway Asked to Accept 13% Less

The 13 per cent. wage reduction effective February 15, for employees—motormen, conductors and shopmen—of the Hamilton Street Railway and the suburban lines operated by Dominion Power & Transmission Co., has aroused a storm of protest from the workmen affected. At a meeting this week it was unanimously decided to resist to the limit any attempt to enforce such action. It was intimated that four organizations, the street railwaymen, the suburban railwaymen, the electrical operators and the steam engineers of the power houses would ally themselves as a unit to obstruct all attempts to adjust wages on a lower scale.

RUSSELL MOTOR CUTS COMMON DIVIDEND

Fixed at 1 Per Cent. for Current Quarter—To Conserve Cash Resources

The dividend casualty record of Canadian industrials was augmented this week by the addition of Russell Motor Common. At a regular directors' meeting this week the customary quarterly dividend of 1¾ per cent. was declared on the preferred, but after due consideration the quarterly disbursement on the common was reduced to 1 per cent. or 4 per cent. per annum, as compared with the former prevailing rate of 7 per cent.

These dividends are for the three-months' period ending January 31, and are payable February 1 to shareholders of record Jan. 23. It is understood that the directors have taken this action with a view to conserving the company's cash resources because of the uncertainty in the industrial outlook. The 7 per cent. rate on common was first instituted on August 1, 1911, and continued to February 1, 1911. The dividend was then allowed to lapse until November 1, 1917, when it was again resumed at 7 per cent. and has been maintained at that rate until the present.

WAGES REDUCED IN PAPER INDUSTRY

A 20 Per Cent. Cut Applies to Unskilled Help of Independent Mills

Further reduction in operating costs of the independent paper mills in the United States and Canada are effected by a wage decision handed down in New York, several days ago by a board of arbitration. By this decision wages of approximately 10,000 men are reduced 20 per cent., the new wage schedule to be effective at once, and to continue until May 1 next. Under the decision the wages are cut eight cents an hour making the basic wage 32 cents an hour or $2.56 a day. This reduction affects all wood handlers and all unskilled yard men, such as ashmen, yard cleaners, etc. No cuts were provided for the several thousand skilled workers who receive 54 cents an hour and upward. Practically all the large paper companies, except the International Paper Co., are affected by the award.

The decision was rendered by the board at the offices of the St. Regis Paper Company, New York. There were three representatives of the employers and three representatives of the union on the arbitration board, with Judge Frank Irvine of Ithaca, as chairman. The manufacturers' representatives were F. L. Carlyle of Watertown, N. Y., President of the St. Regis Paper Company; Colonel C. H. L. Jones of Sault Ste. Marie, Spanish River Paper Company and E. B. Murray of New York, Union Bag and Paper Company. The union representatives, besides Burke, were J. T. Carey of Albany, President of the International Brotherhood of Paper Makers, and J. T. Foster, Central Trades and Labor Council, Montreal.

The union representatives voted against the wage cuts, but Judge Irvine voted with the manufacturers and legalized the reductions. The manufacturers had asked a flat cut of 10 cents an hour for all classes of labor, but it was finally decided that the wages of skilled workers should not be reduced. According to Mr. Carlyle, the average weekly pay of the employees under the wage-cut schedule will be $15.50.

The paper manufacturers in asking wage reductions argued that they were necessary to reduce production costs and meet declining prices. They pointed out that only about 75 per cent. of the industry was operating because of high labor costs.

ALGOMA STEEL

The Algoma Steel Corporation has been awarded a contract for 6,000 tons of standard rails for the T. & N. O. Railway in connection with their extension. This later order comes in addition to the Grand Trunk rail business announced several days ago.

Production of oil in the southern fields of Mexico totalled 21,330,054 barrels in December, a record. Of this 13,916,622 barrels came from 14 wells in the Toteco-Cerro Azul pool. Amatlan, Chinampa and Zacamixtle yielded 6,314,423 barrels.

My "Snug Harbor" Cigarette

Enjoy them to-day

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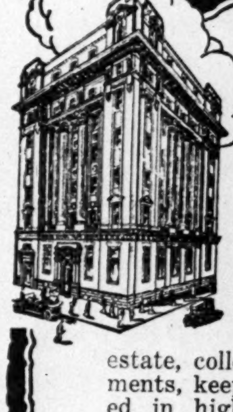
NAVY CUT
CIGARETTES



Your Financial Agent

Well equipped for the work, and with long experience in it, this Corporation undertakes the management of all classes of property, including the care of real estate, collection of revenue from investments, keeping capital funds fully invested in high-class securities, making up income tax returns, etc., in short, acts as Financial Agent.

This service, of which many people take advantage, is fully described in our Booklet, "Your Financial Agent." We shall be glad to send you a copy on request.

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While Others Wait—You Sell!

by Long Distance

ALADDIN rubbed his lamp and summoned anyone to his presence. The same thing is being done to-day — only Aladdin's lamp has changed to a telephone.

Call the man you long to do business with, by Long Distance, and he is virtually in your presence when he lifts the receiver to listen. Practically, you are face to face. Long Distance makes him more accessible than if he lived next door. The man you might hesitate to borrow a monkey-wrench from greets you cordially when you call him. While others cool their heels in outer-offices, waiting, **you sell him.**

He is in a receptive frame of mind. His curiosity is appealed to. He realizes the conversation will be brief, and lets down the bars. And where a salesman knows his goods there is something in the tones of his voice that carries conviction—puts over the deal. Your goods go through doors that were formerly closed to them.

Because of the very low rates on Station-to-Station calls after 8.30 P.M. Evening and Night calls by Long Distance are being used more and more for business purposes. It only requires a little planning.

Every Bell Telephone is a Long Distance Station

CANADA'S LUMBER SUPPLIES BEING RAPIDLY DEPLETED

Little Prospect of Price Adjustment to Level of Decade Ago

OUR CAPITAL STOCK

No Actual Increment in Forests East of the Rocky Mountains —Some Deflation of Material Prices

By A. R. WHITTEMORE,
Of MacLean Buildings Reports, Ltd., from paper read at the Lumbermen's Convention, Toronto.

We hear a great deal of loose talk about lumber costs. Some people imagine that prices will return to the level of a decade ago. It is our opinion that this can never come to pass. On what grounds do we base this statement? Simply by taking cognizance of what has happened in the United States and what is happening in Canada.

The original forests of the United States are estimated to have covered 822 millions acres and to have contained 5,200 billion board feet of timber. Over two-thirds of this area has been culled, cut-over or burned. There are left today about 137 million acres of virgin timber, 112 million acres of culled and second growth timber large enough for sawing, 133 million acres partially stocked with smaller growth, and 81 million acres of devastated and practically waste land. There are 463 million acres of forest land of all sorts which contain about 2,214 billion feet of timber of merchantable size. Two-thirds of the timber originally in the United States has gone.

In Canada forest fires have destroyed two-thirds of the original timber inheritance. Our area of merchantable timber now covers over 400 to 500 million acres. About 100,000 square miles have been cut for lumber and pulp compared with nearly 1,000,000 sacrificed to fire. The frontiers of our timber land are being pushed further and further back. Every year our forests are being depleted at an appalling rate, through lack of conservation, reforestation and fire protection. This coupled with a progressive increase in the distance timber must be hauled to market, can mean nothing but gradually mounting costs.

The forest area of Germany is equal to the timber limits in the Ottawa valley and in total area about 25 million acres, would represent only a fraction of the timber area of the single province of Quebec. However the German forests have been worked for the last two centuries on the principle of sustained yield, the idea being that the forest should represent a capital stock of timber from which each year only the interest or natural increment should be made. The increment alone provided the Germans in 1913 with a timber cut of over 5 billion board feet which was considerably more than the cut of the Dominion of Canada in an average year. Between the continental forest systems and that of Canada there is this difference that while the Europeans remove each year an enormous quantity of timber which is approximating that of Canada the cut represents only the natural growth.

Destructive Forces

In Canada there is no actual increment in the forests east of the Rocky Mountains. Forest fires and insect attacks annually remove from our capital stock many times the quantity of timber taken out by the lumber and pulp interests. The actual menace to the Canadian forest therefore is not the lumberman's axe, but the purely destructive forces of fires and insect depredation.

The index number of 14 lines of lumber compiled by the Department of Labor indicates that present prices are now 80.3 per cent. more than in 1913. The peak was reached in May, 1920, when prices were 195.8 per cent. over 1913 levels. Present costs are 38.9 per cent. less than peak prices. Comparative wholesale prices show some remarkable reductions as compared with the high prices of 1920. On 7 lines of hemlock the peak price was 122 per cent. over 1914, but is now only 45 per cent.; 14 lines of pine showed a high price of 171 per cent. over 1914 but are now 119 per cent. and 4 lines of spruce were 135 per cent. over 1913, but have now declined to 13 per cent. over 1913.

Current prices of certain lumber commodities bring forward the fact that to-day's producing costs and selling prices are so close together as to retard production. The present situation is such that the small margin of profit in production of some of these articles has so reduced the output that should purchasing be increased to any extent the shortage developing would be apt to produce again the dangerous runaway market. Such a condition would be most undesirable.

Building activity has been greatest in those sections wherein wages have liquidated most or where some other contributing factor has made building more attractive, relatively than in other sections. We expect this movement already under way in some sections to spread rather generally and believe that by next spring, the level of such wages will be considerably reduced. This year a real effort should be made to provide work for the building trades as soon as winter breaks.

All told we think that 1922 should see a substantial increase in general building activity. The country has passed through the worst stages of depression and is now on the up grade. The fact that construction activity is holding up at an unusually high level through the winter months, taken with other known factors that are likely to affect the rate of activity gives promise of a good year for construction in 1922.

REAL ESTATE BOARD TO PROTECT PUBLIC

A Board Advocated for Ontario — The Land Titles Act

From Our Own Correspondent

LONDON.—Discussing the formation of an Ontario Real Estate Board, W. C. Thompson of Hamilton, at the annual meeting of the London Real Estate Board, declared one of the principal objects was to protect the public, especially the wage-earners. Mr. Thompson stated that as soon as organization of the Ontario Board is complete the provincial government will be asked to pass an act licensing all legitimate real estate dealers. In this way anyone guilty of unprofessional acts could be got at quickly and lose his license. The wage-earners were those who had suffered especially, he said. There was no logical reason why investors interested in buying real estate should not be able to walk into a city office and make a purchase of property as they would a suit of clothes and get just as good or better value for their money.

Col. A. A. Campbell, vice-president and managing director of the People's Loan and Savings Corporation, urged the introduction of the Land Titles Act in Ontario, to do away with the intricate work of searching titles. If the act became effective he said it would be as easy to transfer property as to transfer bonds and would induce investors to invest in real estate. He threw out the suggestion also that a member of the London board should be appointed to the Court of Revision.

FURTHER DECLINES IN TRADE RETURNS

Canada's Trade Down $90,000,000 for December—Nine-Months' Total

Further curtailment in the volume of Canada's trade for the month of December last as compared with December, 1920, is indicated by trade returns just issued from Ottawa. The total trade for the past month stood at $147,234,880 compared with $236,832,134 for the corresponding month of the previous year, or a decline of $89,597,254. For the nine months ending December 31 last the decline was $834,499,118 from the total of the corresponding nine-month period of 1920, the total for the nine months of 1921 standing at $1,161,547,571, as against $1,996,046,693 for 1920.

Merchandise entered for consumption in December, 1921, totalled $60,049,166, as compared with $85,882,153 in the same month of 1920. For the nine months' period of 1921 entries for consumption were valued at $562,570,213, as against $1,003,335,479 in the same period of 1920.

Merchandise, domestic, exported in December, 1921, was valued at only $86,304,163, as against $149,284,325 in December, 1920. For the nine months of 1921 the figures were $588,456,838, as against $974,920,719 the previous year's period.

Foreign merchandise exported during December, 1921, was valued at $881,551, as against a valuation of $1,665,656 the previous December, and the figures for the nine months of 1921 were $10,520,520, as against $17,790,477.

Duties collected in December, 1921, totalled $9,911,908, as compared with $11,521,195 in December 1920. The figures for the nine months of 1921 were $88,359,403, against $145,442,224 in the nine months of 1920.

WHALEN PULP

The third mill of the Whalen Pulp & Paper Co. has resumed operations in the manufacture of sulphite pulp, according to advices from British Columbia. The company is fairly abundantly supplied with orders from the Eastern States as well as from the Orient. Some lumber is also moving.

JUDGMENT IN MINING CLAIM

The Trusts and Guarantee Co. has been awarded default judgment against the North Crown Porcupine Mines in the matter of a claim for foreclosure of mortgage on property of the defendants in the Sudbury district. The total amount involved, including mortgage, interest and costs, is $105,135. Judgment was obtained by the Trusts & Guarantee Company as trustee for bondholders under a deed of trust dated March 15, 1921.

WM. DAVIES CO. SUFFERS HEAVY LOSSES IN 1921

Losses on Operation Before Depreciation More Than $1,200,000

BUSINESS PICKS UP

Packing Industry Generally Suffers Heavy Reverses—Operates on Narrow Margin

Losses of the most drastic character were suffered by the packing industry of this continent during the past year. This industry, one of the most carefully organized, and operating on a narrow margin of profit, found itself in the unfavorable position of having heavy stocks on hand in a period of steadily declining prices, and with the markets of Europe highly unsettled through the influence of local and world conditions. Reports now published indicate that losses will aggregate many millions. These experiences serve to emphasize the value of building up a substantial reserve to enable an industry to weather a violent storm of depression, such as has just been experienced.

The William Davies Co., whose report is made public, has experienced "the most drastic year in the company's history." Losses on operations after charging all manufacturing, selling and general expenses, but before providing for depreciation were $829,427, for the year ending September 24 last. Adding to this interest on borrowed money and on bonds, and deducting miscellaneous earnings there were losses for the year of $1,235,673. Current assets still show a substantial margin over current liabilities however, standing at $5,866,829, against current liabilities of $1,513,285.

Business Improves

A favorable feature of the report is the statement of President E. C. Fox to the effect that during the closing months of the year business had taken a steady turn for the better, and since the beginning of October the company has operated on a profitable basis. Referring to the earlier experiences he said that business was handicapped through the fact that stocks in America and Europe were still large, and further declines with resultant losses had to be faced. The coal strike in Great Britain too prevented the company for weeks from selling its provisions, which are of a semi-perishable character, and caused further accumulations. He continued as follows:

"The losses resulting from these conditions have been taken care of, and your company enters the new year with current merchandise only on hand. Agricultural and semi-agricultural products are still relatively low in value, and there should be some upward reaction during the coming year. The trend of sterling exchange, in which this company is particularly interested, has been upward, and the gradual settling of vexed international questions and European affairs at the Disarmament Conference in Washington and at the Conference of European Powers should stimulate greatly export trade from America."

Referring to the company's securities he stated that the directors felt that the dividend on "A" stock should be discontinued until, the industry became more prosperous. With a reasonable return to normal conditions, he concluded, the stockholder's interest in this respect would receive favorable consideration.

MINING STOCK QUOTATIONS

Week Ending Jan. 17.

	High	Low	Close	Sales
Adanac . . .	1¾	1⅜	1½	30,50
Apex	2¼	1⅛	2¼	20,00
Atlas	13½	9½	9¾	30,00
Beaver . . .	24½	21	22	27,00
Boston Creek	7			50
Coniagas . .	1 00			1
Cons. Smelt..	21¼	20	20¼	4,45
Cr. Reserve.	16	15	15	19,00
Dome Exten.	80	75	75	25
Dome Lake .	7	5¼	7	14,50
Dome Mines.	24 10	22 10	23 00	4,5
Foster . . .	1			1,00
Gifford . . .	½			1,50
Gold Reef . .	2½	1¾	2	62,00
Gt. Northern	3	2	2	25,00
Hargraves .	⅞	½	⅞	4,00
Hattie . . .	20			50
Hillcrest, cm.	62			7
Hollinger . .	8 10	7 91	8 09	11,99
Hunton . . .	7	6¼	6¾	11,50
Inspiration .	3	2½	2½	2,00
Keora . . .	10¼	9¼	9¼	36.00
Kirkland lake	35	29½	32½	20,70
La Rose . . .	34	33	34	11,60
Lake Shore .	1 36	1 32	1 32	5,20
M'Kinley Dar	16½	15½	16½	870
McIntyre . .	2 27	2 18	2 25	26,40
Mining Corp.	1 11	1 05	1 11	60
Chambers-Gerland . .	2¾			1,00
Moneta . . .	11¼	9	11	26.00
Newray . . .	6	5½	5¾	2,00
Nipissing . .	7 00	6 50	6 50	45
Peterson lake	5¼	4½	4½	12,00
Porcupine Cr	15½	14	15¼	4,200
Porcupine Imperial .	⅜	¼	¼	2,000
Porcupine Tisdale . .	1¼			1,000
Porcupine V. N. T. . .	21	19½	20½	68,00
Preston E. Dome . . .	3¼	2⅞	2⅞	11,000
Schumacher.	35	33½	34	33,00
Teck Hughes	29	21½	29	230.50
Timiskaming	31¼	30½	30½	11,100
Thompson Krist . .	1⅞	1¾	1⅞	16,000
Trethewey .	8¼	6⅜	7	34 000
West Dome .	7½	6½	7½	14,500
Wasapika . .	3¾	3¼	3⅜	12,000

LOWER OPERATING COSTS DEPENDENT ON LOWER WAGES

(Continued from page 1)

market, one of the results of the easing of the money situation and reflecting the accumulation of investment funds; an improved mercantile situation with low stocks very much reduced; the improvement in the Exchange situation and especially the outstanding strength in sterling; the generally low price level of raw materials and a more general feeling of optimism. On the other hand the adjustments have not been fully completed, and a number of important features of the situation may be mentioned which require attention before broad business activity is possible; the fact that the wage scale is unevenly balanced, the relatively large amount of debts that are overdue, reflecting not only the unsatisfactory financial position of the debtor, but the large volume of "frozen" capital which is thereby debarred from productive uses; the unsatisfactory condition of the mid-continental situation; and the incomplete adjustment of prices.

A small incident related by a Toronto business man this week indicates which way the industrial wind is blowing. This man recently advertised for some carpenters to handle a building job which he was contemplating, and which he would only begin provided that costs were satisfactory. In answer to his advertisement there came applications from some 100 unemployed carpenters. The remuneration that he had arranged—$1.00 a day and board,—did not stimulate a chorus of approval, but it is significant that at these terms he secured enough men to take care of the job for him.

The Situation

Sir Herbert Holt, president of the Royal Bank, in his annual address to shareholders, touched upon a very vital essential in speeding up the process of adjustment—economy in management and operation, which he urged as "one of the great needs of the present time." If prices of commodities are, as many think, to experience a slow decline over a period of years, then profits can only be maintained by increased economy and the strictest efficiency of management and labor.

There was an optimistic note in the address of President John Galt, of the Union Bank of Canada, in his discussion of the situation and outlook in the west, indicating that the indomitable optimism of the western farmer has not been daunted by the reverses of the season just closed. Indications point, he said, to at least no decrease, and a very possible increase in the acreage prepared for 1922. The governments of the various provinces, he adds, were dealing energetically and scientifically with the problems of dry areas, and there was every ground for the hope that in time the difficulties which had been experienced would be overcome.

McINTYRE—PORCUPINE

The wider market facilities for McIntyre-Porcupine through its associations with the standardised issues on the New York exchange has been beneficial to the stock of this company. Since the turn of the year the stock has shown outstanding activity and strength ranging from 2.16 at the outset to a high of 2.35, closing the current week, however, ten points down from this quotation. In future all dividends paid by McIntyre-Porcupine will be paid in American funds, and the Canadian shareholders will thereby benefit from the premium on New York funds.

Good Roads Debentures

The Council of the Municipality of Rockwood will receive bids up till noon on Tuesday, the 31st day of January, 1922, for $50,000.00 worth of 6% interest coupon, Good Roads Debentures issued by the Rural Municipality of Rockwood, dated November 1, 1920. Interest payable annually on November 1st each year. Debentures issued in sets running from one to twenty-eight years and guaranteed both as to principal and interest by the Province of Manitoba. Bidders to state offer including accrued interest in Canadian currency, payable at par at the Royal Bank of Canada, Stonewall. The Council reserves the right to reject any or all bids. For further particulars apply to the undersigned.

Dated at Stonewall, in Manitoba, this 9th day of January, A.D. 1922.

V. W. McFARLANE,
Secretary-Treasurer,
Stonewall, Manitoba.

BALANCE SHEET OF THE
Toronto Mortgage Company
For the Year Ending 31st December, 1921

ASSETS

Office Premises in Toronto Street, unencumbered		$ 45,000.00
Real Estate held for sale		None
Mortgages at face value, less provision for possible depreciation—		
Principal	$1,691,971.70	
Interest	1,949.87	
		1,693,921.57
Loans on Stocks and Bonds		130,137.47
Dominion of Canada and Provinces of Canada Securities		477,328.74
Canadian Municipalities and School District Debentures		592,142.06
Other Bonds and Debentures		35,883.04
Stocks fully paid up		60,200.00
Cash in Chartered Banks		130,339.96
Cash in Office		2,979.15
Total		$3,167,931.99

LIABILITIES

To the Public		
Debentures Sterling—(£269,221 7s 7d)		$1,310,210.68
Debentures Currency		238,267.65
Deposits, Savings Accounts		87,309.34
Accrued Interest on Debentures		16,995.04
Reserved for Accrued Income Taxes		10,371.78
		$1,663,154.49
To the Shareholders		
Capital Stock Subscribed—$724,550.00		
Capital Stock fully paid		$ 724,650.00
Reserve Fund	$700,000.00	
Added in 1921	25,000.00	
		725,000.00
Unclaimed Dividends		150.75
Dividend declared and unpaid, due 1st January, 1922		16,302.38
Profit and Loss Account—Balance carried forward		38,774.37
		$1,504,777.50
Total		$3,167,931.99

W. GILLESPIE, Manager. W. FRANCIS, President

Points worthy of notice are:

Reserve Fund now equal to Capital.

No real estate on hand for sale.

99% of the year's revenue collected in cash.

86% of all liabilities to public secured by liquid assets.

$500,000
THE PEDLAR PEOPLE, LIMITED
8% First (closed) Mortgage Bonds

Dated January 1st, 1921. Due January 1st, 1923 to 1941. Interest payable January 1st and July 1st. Interest and principal payable at the Standard Bank of Canada, Oshawa, or at the principal branch of the Standard Bank in Montreal, Toronto or Winnipeg. Redeemable in whole or in part at 102 and accrued interest on any interest date on and after January 1st, 1923. The longest maturities to be redeemed first if all outstanding Bonds not redeemed.

Trustees

National Trust Company, Limited, Toronto, Ont.
Bonds can be registerered as to principal.

All legal matters relative to this issue will be passed upon by Messrs. Holden & Murdoch, and the books of the Company have been audited by J. J. Clarke, Chartered Accountant.

Authorized $500,000 **Outstanding** $500,000

Schedule of Maturities
January 1st

Maturing.	Amount.	Maturing.	Amount.	Maturing.	Amount.
1923	$25,000	1929	$25,000	1935	$25,000
1924	$25,000	1930	$25,000	1936	$25,000
1925	$25,000	1931	$25,000	1937	$25,000
1926	$25,000	1932	$25,000	1938	$25,000
1927	$25,000	1933	$25,000	1939	$25,000
1928	$25,000	1934	$25,000	1940	$25,000
				1941	$50,000

Salient Points of the Issue

The Company The Pedlar People, Limited, originally organized in 1861, is the largest Company of its kind in Canada, with distributing branch houses in all the principal centres. The business has been successfully and profitably operated for sixty years, and is now bigger and more profitable than at any time in its history.

Security under the Mortgage In the covenant of the Trust Deed the bonds constitute: First—A first, fixed and specific charge on the land of the Company and the buildings, erections and improvements, plant, machinery, fixtures and immovable property now or hereafter erected therein.

Second—A first floating charge on the Company's undertakings, present and future, together with all its present and future properties, rights and assets, and its present and future tolls, incomes and sources of money, rights, powers, privileges and franchises.

Assets The Balance Sheet for the Company as of December 31st, 1920, showed net assets of $1,617,869.95 after deducting all outstanding liabilities, giving a large margin of security for this loan for $500,000.

Earnings The gross profit for the year ending December 31st, 1920, amounted to $452,324.34, and the net profit, after deducting all charges, including interest, amounted to $140,414.67, or more than 25% of the Bonds outstanding. Average net profits for the past five years equal more than twice the interest requirements.

Purpose of Issue This loan is made to The Pedlar People, Limited, to assist them in financing their increasing business, involving the recent consolidation and improving of facilities in their plant at Oshawa.

PRICE: 100 and Interest, Yielding 8%

The above Bonds having all been sold, this advertisement is published as a matter of record only.

Graham, Sanson & Co., Limited

85 Bay Street, TORONTO 37 James St., S., Hamilton